

New Issue**Rating: Moody's Investors Service Aa3**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; the Bonds are "qualified tax-exempt obligations"; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B - "Opinion of Bond Counsel and Tax Exemption" herein.

DAC Bond®**\$9,000,000**

**TOWN OF BOLTON, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2010
BOOK-ENTRY-ONLY
BANK QUALIFIED**

Dated: August 1, 2010**Due: Serially, August 1, 2011–2030, as shown below**

Due	Amount*	Interest Rate	Yield	CUSIP Number	Due	Amount*	Interest Rate	Yield	CUSIP Number
2011	\$300,000			097707	2021	\$450,000			097707
2012	310,000			097707	2022	465,000			097707
2013	325,000			097707	2023	485,000			097707
2014	340,000			097707	2024	505,000			097707
2015	350,000			097707	2025	525,000			097707
2016	365,000			097707	2026	545,000			097707
2017	380,000			097707	2027	570,000			097707
2018	395,000			097707	2028	590,000			097707
2019	415,000			097707	2029	615,000			097707
2020	430,000			097707	2030	640,000			097707

**Subject to change by the Issuer to provide for substantially level debt service. See Appendix D - "Notice of Sale and Proposal for Bonds" herein.*

Interest on the Bonds will be payable semiannually on the first day of February and August of each year, commencing February 1, 2011. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-entry-only System" herein.

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

SEALED BIDS and ELECTRONIC BIDS via PARITY® for the Bonds will be received until 11:30 A.M. (E.D.T.) on Thursday, July 29, 2010 at Webster Bank, National Association, 3rd Floor Conference Room, 185 Asylum Street, Hartford, Connecticut 06103. The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that the delivery of the Bonds in definitive form will be made on or about August 12, 2010 through the facilities of DTC.

The Bonds will be general obligations of the Town of Bolton, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. See "Security and Remedies" herein.

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

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

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. 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 securities laws of any such jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently with their sale.

TABLE OF CONTENTS

	<u>Page #</u>
ISSUE SUMMARY	3
INTRODUCTION	5
 SECTION I - SECURITIES OFFERED	
Description of the Bonds	6
Authorization and Purpose	6
Use of Proceeds	6
School Construction Grants	6
Optional Redemption	7
Rating	7
Credit Enhancement	7
Security and Remedies	7
Qualification for Financial Institutions	8
Book-entry-only System	8
DTC Practices	10
 SECTION II - THE ISSUER	
Description of the Town	11
Government Organization	12
Principal Municipal Officials	12
Organizational Chart	13
Municipal Services	14
Educational System	16
Principal Public Facilities	17
Municipal Employees	17
Employees Bargaining Organizations	18
 SECTION III - DEMOGRAPHIC AND ECONOMIC DATA SECTION	
Population and Density	19
Age Distribution of the Population	19
Income Distribution	19
Comparative Income Measures	20
Educational Attainment	20
Labor Force Data	20
Industry Classification	21
Major Employers	21
Commute to Work	22
Age Distribution of Housing	22
Housing Units by Type of Structure	22
Housing Unit Vacancy Rates	22
Owner-occupied Housing Units	23
Building Permits	23
Number and Size of Households	24
 SECTION IV - DEBT SECTION	
Debt Summary	25
Overlapping/Underlying Debt	25
Annual Bonded Debt Maturity Schedule	26

	<u>Page #</u>
Current Debt Statement	26
Current Debt Ratios	27
Statement of Statutory Debt Limitation	27
Authorized but Unissued Debt	28
Authority to Incur Debt	28
Ratio of Bonded Debt Service to Total Expenditures	29

SECTION V – FINANCIAL SECTION

Comparative Assessed Valuations	30
Principal Taxpayers	30
Property Tax Levies and Collections	31
Property Taxes Receivable	31
Intergovernmental Revenues as a Percent of Total Revenues	31
Capital Improvement Program	31
Comparative Balance Sheets	32
General Fund Revenues and Expenditures	33
Audit	33
Summary of Accounting Principles	34
Pension and Other Post-Employment Benefit Plans	34
Budget Adoption Procedure	34
Assessment Practices	34
Tax Levy and Collection	35
Investment Practices	36

SECTION VI – ADDITIONAL INFORMATION

Continuing Disclosure	37
Litigation	37
Documents to Be Furnished at Closing	37
Concluding Statement	38

APPENDICES

APPENDIX A – AUDITED FINANCIAL STATEMENTS	A-1
Report of Independent Auditors	
Management’s Discussion and Analysis	
Financial Statements	
Notes to Financial Statements	
APPENDIX B – OPINION OF BOND COUNSEL AND TAX EXEMPTION	B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS	C-1
APPENDIX D – NOTICE OF SALE AND PROPOSAL FOR BONDS	D-1

ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

Issuer:	Town of Bolton, Connecticut (the “Town”)
Issue:	\$9,000,000 General Obligation Bonds, Issue of 2010, book-entry only (the “Bonds”)
Financial Advisor:	Webster Bank, National Association
Date of Sale:	Sealed proposals and electronic proposals via PARITY® on Thursday, July 29, 2010, until 11:30 A.M. (E.D.T.) at Webster Bank, National Association, CityPlace II, 185 Asylum Street, 3 rd Floor Conference Room, Hartford, Connecticut 06103
Dated Date:	August 1, 2010
Interest Date:	Each February 1 and August 1, commencing February 1, 2011
Principal Due:	Serially, August 1, 2011 through August 1, 2030, as detailed in this Official Statement
Purpose:	The Bonds are being issued to finance renovations and additions to Bolton High School. See “Authorization and Purpose” herein.
Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein under “Optional Redemption.”
Security:	The Bonds will be general obligations of the Town of Bolton, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.
Bank Qualification:	The Bonds shall be designated by the Town 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.
Credit Rating:	Application has been made to Moody’s Investors Service for a rating on the Bonds.
Credit Enhancement:	The Town does not expect to direct purchase a credit enhancement to provide for the payment of the principal of or interest on the Bonds.
Tax Exemption:	See Appendix B – “Opinion of Bond Counsel and Tax Exemption” herein.
Certifying Agent, Registrar, Transfer Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103, ctmuniservices@usbank.com
Legal Opinion:	Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery:	It is expected that delivery of the Bonds in book-entry-only form through the facilities of DTC will be made on or about August 12, 2010.

**Final Official
Statement:**

This Official Statement is in a form “deemed final” by the Town for the purposes of SEC Rule 15c2-12(b)(1).

**Continuing
Disclosure:**

See Appendix C – “Form of Continuing Disclosure Agreement for Bonds” herein.

For additional copies of the Official Statement or requests for additional information, please contact Christine R. Caruolo, Assistant Vice President, Webster Bank, National Association, CityPlace II, 185 Asylum Street, Hartford, Connecticut 06103, telephone (860) 692-1711.

INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Bolton, Connecticut (the "Town") in connection with the sale of \$9,000,000 General Obligation Bonds, Issue of 2010 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale and Proposal for Bonds dated July 22, 2010 has been furnished to prospective bidders. Reference is made to the Notice of Sale which is included as Appendix D for the terms and conditions of the bidding.

The successful bidder for the Bonds may add a separate page on the front of this Official Statement to indicate its name, the Bond offering prices, the interest rate per annum on the Bonds, information regarding ratings and insurance (if any), and any other information which the successful bidder deems appropriate.

The Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds, and if given or made, such information or representation must not be relied upon. 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 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 to 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 Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

The information in this Official Statement has been prepared by the Town's financial advisor, Webster Bank, National Association (the "Bank"), from information supplied by the Town's officials and other sources as indicated. The Bank 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. An agreement between the Town and the Bank has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23.

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

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

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

SECTION I - SECURITIES OFFERED

Description of the Bonds

The Bonds are being offered for sale at public bidding. A Notice of Sale and Proposal for Bonds dated July 22, 2010, a copy of which is included as Appendix D herein, had been furnished to prospective bidders. Reference is made to the Notice of Sale and Proposal for Bonds for the terms and conditions of the bidding.

The Bonds will be dated August 1, 2010 and will mature on August 1 of the years and in the principal amounts as follows:

<u>Due August 1</u>	<u>Principal Amount*</u>	<u>Due August 1</u>	<u>Principal Amount*</u>
2011	\$300,000	2021	\$450,000
2012	310,000	2022	465,000
2013	325,000	2023	485,000
2014	340,000	2024	505,000
2015	350,000	2025	525,000
2016	365,000	2026	545,000
2017	380,000	2027	570,000
2018	395,000	2028	590,000
2019	415,000	2029	615,000
2020	430,000	2030	640,000

**Subject to change by the Issuer to provide for substantially level debt service. See Appendix D –“Notice of Sale and Proposal for Bonds” herein.*

Interest on the Bonds will be payable semiannually on the first day of February and August of each year, commencing February 1, 2011. Interest will be calculated on the basis of a 30-day month and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. National Association.

The Bonds are subject to redemption prior to maturity. See “Optional Redemption” herein.

Authorization and Purpose

High School Project: Bonds are being issued pursuant to an appropriation and borrowing authorization totaling \$26,150,000 to fund the Bolton High School addition and renovation project approved by referendum on April 7, 2009.

Use of Proceeds

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Notes Maturing</u>	<u>This Issue</u>
High School	\$26,150,000	\$–	\$–	\$9,000,000

School Construction Grants

Pursuant to Public Act No. 97-11, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996. Under the old program, the State of Connecticut will reimburse the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds. As of August 12, 2010, the Town expects to receive principal grant reimbursements from the State in an aggregate amount of \$565,562 under the old program. The school project included in this bond issue will be reimbursed under the progress payment program.

Optional Redemption

The Bonds maturing on or before August 1, 2020 are not subject to redemption prior to maturity. The Bonds maturing after August 1, 2020 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2020, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine at the following redemption price, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2020 and thereafter	100%

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

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

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

Rating

On July 20, 2010, Moody's Investors Service assigned a rating of Aa3 to the Bonds. Such rating reflects only the view of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There can be no assurance that the rating will continue for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency. Any such downward change or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town's outstanding debt obligations.

Credit Enhancement

The Town does not expect to direct purchase a credit enhancement to provide for the payment of the principal of or interest on the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town of Bolton, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. There were 70 acres of such certified forest land on the last completed grand list of the Town. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses or the Town may place a lien on the property for the amount of tax relief granted plus interest.

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

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the Town 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 Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, amended in 1993, 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.

Qualification for Financial Institutions

The Bonds shall be designated by the Town 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.

Book-entry-only System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and

non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the Town, 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 Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

DTC Practices

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

SECTION II - THE ISSUER

Description of the Town

The Town of Bolton, Connecticut was incorporated in October 1720 after being settled in 1716 by a few persons from Windsor, Hartford and Wethersfield. Bolton was taken from Hartford and included in the present Town of Vernon until 1808. Bolton had been essentially rural and agricultural until the 1950s. The suburban exodus of the Hartford region contributed greatly to the rapid rate of growth in the Town. According to the Department of Public Health's most recent estimate, Bolton has a population of 5,117, and it covers an area of 15.5 square miles along the extreme western edge of the eastern Connecticut upland, overlooking the Connecticut River Valley to the west. It is located approximately 15 miles east of Hartford and 55 miles west of Providence and is bordered by the Towns of Vernon to the north, Hebron to the south, Manchester and Glastonbury on the west, and Coventry and Andover on the east. Bolton's terrain is mountainous, with level ground primarily in the Bolton Center and Notch Pond areas. The Town is served by Interstate 384 (currently ending at Bolton Notch), U.S. Routes 6 and 44 (running east/west), and State Route 85 (running north/south). Interstate 84 is accessible within ten minutes' travel time.

Geological features contributed to Bolton's historic development. The area of Town known as Quarryville is the famous site where granite and slate was blasted and drilled for approximately 75 years for use in cities and towns as far west as the Mississippi River. The stone quarried is a micaceous slate, but is so thoroughly filled with mica that the slaty matrix is barely discernable by the eye. The best qualities are not affected by moistures and frosts, are not corroded by acids, nor stained by oils. This stone is in great demand for doors and tables for chemical factories and laboratories, for hospitals and in public buildings where cleanliness is a requisite. This remarkable stone cannot be duplicated in its qualities in this country. Flagging stone and trap rock quarries, manufacture of bricks, and the processing of sand and gravel continue in operation today. Loam, the rich top soil washed to lower levels over time, is a product which is sold and also constitutes the basis for farming and gardening markets conducted in Bolton.

The major industries in Bolton are agriculture, manufacturing of printed circuits, commercial cleaning solvents and small machine shops. The majority of residents are employed in Hartford and surrounding communities. The Carlyle Johnson Machine Company, one of the top employers in the Town, has recently acquired Arctic Tool and Engineering Company and its 10,000-square-foot facility in Warwick, Rhode Island. This is in addition to the 41,500-square-foot production plant on the Boston Turnpike in Bolton.

Bolton is also home to Munson's Chocolates, founded in 1946 as the Dandy Candy Company. Today Munson's is a third-generation candy family and Connecticut's largest retail chocolate manufacturer. The company has won numerous awards including "Best Chocolate Shop" by the *Advocate* newspaper, "Family Owned Business of the Year" by the Small Business Administration, and a gold award in the PIANKO competition, a prestigious competition based on packaging printing and design. Most recently, Munson's was awarded the 2009 Business Champions Award for "sustainability" presented by the Metro Hartford Alliance.

The Bolton Ice Palace is another key business in Town. The facility includes a 200-foot by 85-foot rink, four locker rooms with showers, an electric Zamboni, a pro shop and vending room. The Ice Palace offers a multitude of recreational activities and classes such as figure skating, ice hockey, speed skating, learn-to-skate programs and social dance nights.

One more popular location in Town is A Villa Louisa, a meeting facility and caterer located atop Birch Mountain near the border of Manchester and Glastonbury. Originally established in 1890, the existing house was remodeled into an inn. In 1971, a new banquet hall was added to create the structures that exist on the property today. A Villa Louisa can accommodate from 25 to 90 guests in the Sunset Room or up to 350 guests in the Grand Ballroom. A gazebo is also available on the property for weddings or other social events. In 2007, A Villa Louisa received a "2007 pick" award from "The Knot" best of weddings.

Natural resources include Bolton Lake, Bolton Notch State Park, and the upper portion of Gay City State Park, which provides facilities for fishing, hiking, picnicking, swimming, and winter sports.

There are no separate tax districts or coterminous entities within the territorial limits of the Town of Bolton.

Government Organization

The Town of Bolton has a Town Meeting/Board of Selectmen form of government. The Board of Selectmen consists of five elected members, including a First Selectman, serving concurrent two-year terms. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and a Charter which was adopted in 1976 and last revised on November 4, 2008, effective July 1, 2009. The Board of Selectmen is the Town's legislative body except with respect to those matters for which the Charter provides that the Town Meeting is deemed the Town's legislative body. The Town Meeting must approve all supplemental appropriations in excess of \$20,000 and appropriations to Capital Reserve and Capital Projects Funds for non-recurring expenditures. The Town has an automatic referendum vote on the annual budget. The First Selectman is a member of the Board of Selectmen and the Chief Executive Officer of the Town. The Town also has an Administrative Officer who reports to the Board of Selectmen and is responsible for the administration of all Town matters with the exception of the education system. Presiding over the Board of Selectmen, the First Selectman has full voting privileges.

The Board of Finance is the budget-making authority responsible for financial and taxation matters, presenting the annual budget and special appropriations to Town Meeting for its approval and establishing the tax rate with the final budget being voted on at referendum.

The Board of Education, which is an elected seven-member board, is the policy-making authority for all public education, grades pre-kindergarten through twelve. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the education system.

Principal Municipal Officials

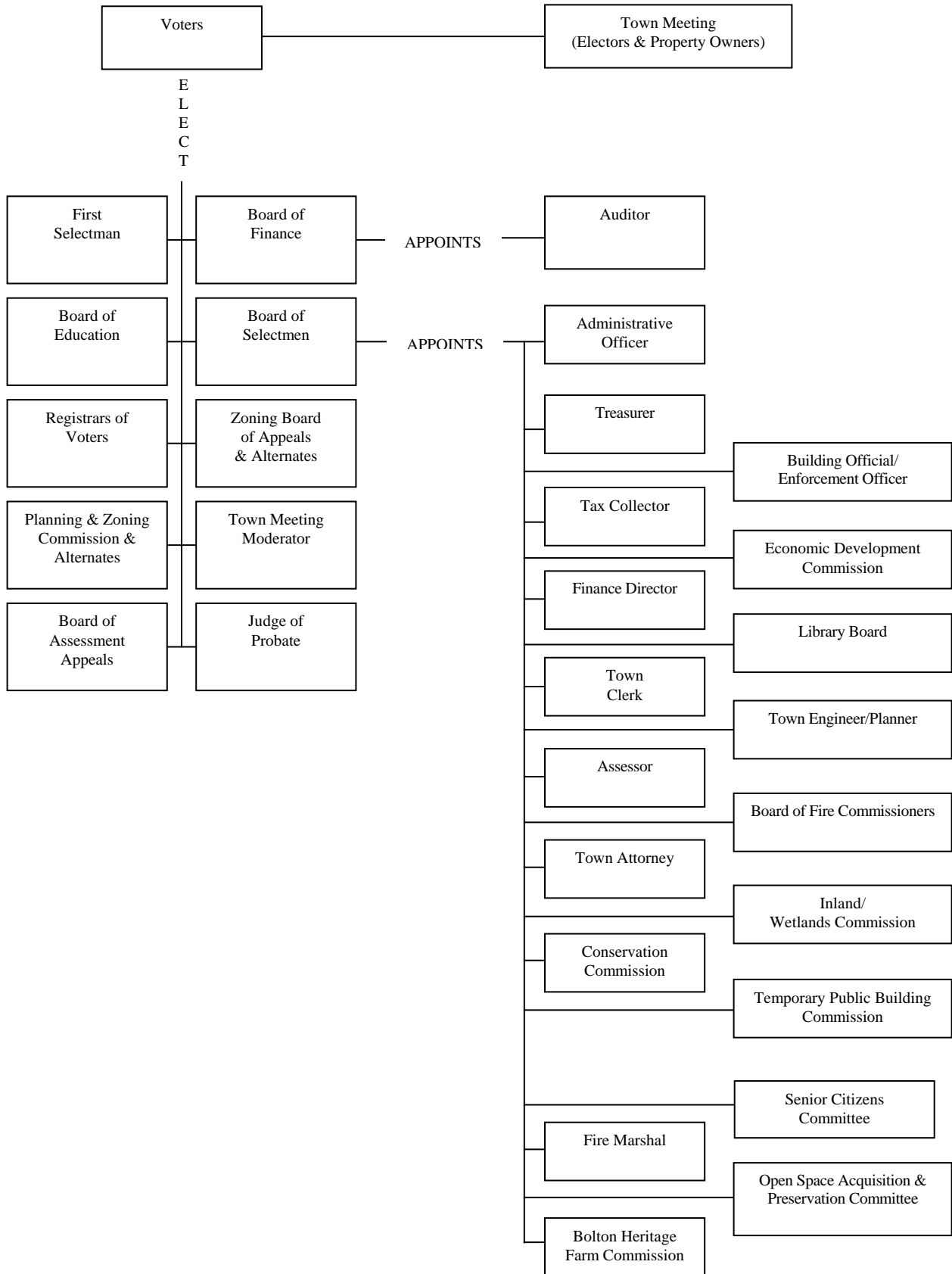
<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>
First Selectman	Robert R. Morra	Elected/2 years	Since July 2009 ¹
Deputy First Selectman	Robert Neil	Elected/2 years	Since July 2009 ²
Selectman	Robert D. Lessard	Elected/2 years	Since March 2008 ³
Selectman	Leslie K. Shea	Elected/2 years	Since July 2003
Selectman	Raymond A. Walker	Elected/2 years	Since July 2009
Administrative Officer	Joyce M. Stille	Appointed	Since October 1995
Town Clerk	Susan DePold	Appointed	Since July 1993
Town Treasurer	Catherine H. Peterson	Appointed	Since December 1968
Director of Finance	Jerry McCall	Appointed	Since July 1999
Tax Collector	Lori Bushnell	Appointed	Since July 1996
Superintendent of Schools	Paul Smith	Appointed	Since July 2009

¹Mr. Morra also served as First Selectman from 1989 to 1993, as a Selectman from 1993 to 2001, and again as First Selectman from July 2001 to June 2007. He returned to the Board of Selectmen as First Selectman in July of 2009.

²Mr. Neil also served as Deputy First Selectman at various intervals since joining the Board of Selectmen in July 1995.

³Mr. Lessard was appointed to fill an unexpired term in March of 2008 and elected to a full term beginning in July of 2009.

Organizational Chart



Municipal Services

Administration: The Town of Bolton has a full time Administrative Officer who is appointed by the five-member Board of Selectmen. The Administrative Officer serves as a Town Administrator responsible for the operations of the Town. This includes serving as personnel officer, coordinating the administration of all officers, boards, commissions, agencies, and authorities appointed by the Town, supervising all financial matters, developing policies, regulations and ordinances and representing the Town on various regional and state entities. In addition to the Administrative Officer, The town has a full-time Finance Director. These two positions provide a high level of professional services and stability to the Town and its residents.

Administration constantly works to implement proactive financial measures to improve and capitalize on opportunities for the community. The most recent example is the adoption in April 2007 of the School Capital Fund Ordinance. A renovation and expansion project at Bolton High School was inevitable. The Bolton Board of Education entered into a contract with the Town of Columbia to accept Columbia students to Bolton High School beginning in September of 2007. Under the ordinance, 80% of the gross tuition from the Columbia students attending Bolton High School is deposited into the School Capital Fund for funding the renovation and expansion project, including debt service. The contract with Columbia for students is through 2022.

Public Safety: Police Protection is provided by two Resident State Troopers with supplemental coverage from Troop K in Colchester to provide 24-hour protection and assistance.

Fire protection is provided by the Bolton Volunteer Fire Department. The department has approximately 50 members who attend regular drills and weekly training sessions in firefighting technology and emergency medical services. The department is managed by a five-member appointed Board of Fire Commissioners serving five-year overlapping terms. All emergency calls are answered by trained professional dispatchers, 365 days a year and 24 hours a day, by the Tolland County Mutual Aid Fire Service.

Ambulance service is provided by the Manchester Ambulance Service.

Solid Waste and Refuse Collection: The curbside collection of refuse and garbage is contracted by the Town. The Town owns and operates a bulky waste transfer station and recycling center. Solid waste is hauled to the Connecticut Resources Recovery Authority ("CRRA") facility at the Mid-Connecticut plant in Hartford. The Town has a contract with CRRA expiring in 2012 to accept and deliver solid waste generated by the Town on a contractual basis at the same cost per ton as participating member towns. The cost is \$69.00 per ton for fiscal year 2010-11. Rates are subject to annual review and adjustment. The contract does not establish Bolton as a participating member town nor does it establish a minimum tonnage requirement per year. Bulky waste is hauled to the Town of Manchester Landfill on an annual contract basis.

Library: The Bentley Memorial Library provides full library services and programs. The library has a full-time Director and an appointed seven-member board. The library provides a wide variety of materials including books, magazines, books-on-tape, large print books, cassettes, compact discs, and videos. The library is also a member of Bibliomation, Inc., a library consortium of approximately 45 libraries which provides automated circulation, cataloging, public access catalogs and internet services. The library is linked to both the Bolton High School and the Bolton Center School Library Media Centers in addition to participation in ReQuest, the Connecticut statewide on-line card catalog and ICONN, the Connecticut on-line digital library network of databases. The library is a member of the Connecticut Library Association, the Association of Connecticut Library Boards and the American Library Association.

Public Health: The Town of Bolton is a member of the Eastern Highlands Health District, one of nineteen local health districts in the State. Established on June 6, 1997, it includes the Towns of Andover, Ashford, Bolton, Chaplin, Columbia, Coventry, Mansfield, Scotland, Tolland and Willington. The district is a cooperative effort to pool resources to create a professional full-time health department. The services provided by the district include communicable disease control program, a public health education and training program, community assessment and public health planning and a comprehensive environmental health program. The main components of the environmental health program include an on site subsurface sewage disposal program, a complaint investigation program, a food protection program and an environmental monitoring program.

Sewer /Water: The Town has no public water supply. Three community water systems supplied by five drilled wells service over 400 Bolton residents. On-site private drilled wells, however, and individual sewage disposal are used primarily for developed properties' systems.

Through the use of the Bolton Lakes Regional Water Pollution Control Authority, the Town is in the process of constructing sewers in the Route 44 corridor and around Bolton Lake.

By concurrent ordinances (the "Enabling Ordinances") adopted in April 2003, the Towns of Bolton and Vernon established the Bolton Lakes Regional Water Pollution Control Authority (the "BLRWPCA") pursuant to Sections 22a-500 through 22a-519, inclusive, of the Connecticut General Statutes. The BLRWPCA is authorized pursuant to the Enabling Ordinances to act as a regional water pollution control authority and to construct, maintain and operate a regional sewerage system to serve portions of the two towns designated in the Enabling Ordinances.

The project is anticipated to cost \$21,700,000. Significant shares of the construction costs are funded through Federal and State grants. These include grants from the United States Department of Agriculture Office of Rural Development, the Federal Environmental Protection Agency State and Tribal Grants program, the State of Connecticut Small Town Economic Assistance Program and the Connecticut Department of Environmental Protection ("DEP") Clean Water Program. The remaining local share of the construction costs will be funded by long-term loans (20 years) from the DEP Clean Water Fund at 2% interest. The loans will be repaid through sewer benefit assessments, which represent about 25% of total project costs, and a small tax increase. Project construction commenced in October 2009 and will be completed by December 2012.

By concurrent ordinances (the "Financing Ordinances") adopted in September 2007, the Towns of Bolton and Vernon, among other matters, authorized the entrance into one or more agreements by the towns with the BLRWPCA to guarantee the punctual payment of each town's proportionate share of all principal and interest on any Initial Phase Bonds issued by the BLRWPCA, to pledge such town's full faith and credit to the payment of its guarantee obligations, and to appropriate, and have available on or before the dates on which any payment becomes due on the Initial Phase Bonds, an amount of money which, together with other revenues available for such purpose, shall be sufficient to meet the town's guarantee obligations in connection with the Initial Phase Bonds. Pursuant to the Enabling Ordinances, as amended by the Financing Ordinances, initially 71% of the capital and non-capital expenses of the BLRWPCA are assigned to the Town of Bolton, with the remaining 29% of such costs assigned to the Town of Vernon.

Senior Citizens Programs and Services: The five-member appointed Senior Citizens Committee advises the Director of Senior and Social Services in providing a number of programs services and activities. The Town has two handicap accessible vans which allows for continued expansion of services to seniors. The Senior Needs Assistance Program provides assistance with yard work, snow shoveling, household chores, minor plumbing and maintenance. Other services include an outreach program, food pantry, emergency fuel delivery, sand delivery, a friendly visitors program and health screenings.

Recreation and Open Space: Through the Recreation Director, recreational activities and programs are provided within the community, including basketball, soccer, softball, baseball and swimming. The program also provides a Summer Camp and a number of after-school workshops as well as a number of ongoing adult programs.

The Town, with the supervision of the Buildings and Grounds Supervisor, owns and maintains several parks and parcels of open space. These include Freja Park, Herrick Park, Indian Notch Park, and a portion of Warner Swamp. Freja Park sits on 21 acres of undeveloped land off of Route 44 on Bolton Pond. Herrick Park is located on Hebron Road. Its facilities include a community building for meetings and social events, two fields for baseball and softball with lighting for night games, and soccer, an outdoor basketball court, playscape and 4-H nature trail in the 70 acres of woodland. The 27-acre Indian Notch Park has a beach on Bolton Lake, a picnic area, basketball court, baseball field, pavilion and restrooms. A daily fee is charged at Indian Notch Park, or seasonal passes may be purchased in the Selectmen's Office.

In 1999 and 2000, the Town purchased two large parcels of open space including the historic Bolton Heritage Farm. In addition the Town recently purchased the Pistritto property in the center of Town. This property

contains a house which serves as the offices of the Resident State Trooper. These purchases, spearheaded by the Open Space Preservation Acquisition and Conservation Committee, will allow the Town to preserve its historically significant and rural character.

The State of Connecticut owns 253.4 acres of parklands within Bolton including two community parks: the Gay City State Park which offers swimming, picnicking, hiking and cross country skiing, and Bolton Notch State Park which overlooks the scenic Bolton Notch Pond and offers picnic areas and hiking, as well as Bolton Lake which offers small boat launching areas and shore frontage.

Highway Department: The Highway Department is responsible for maintenance of the Town roads. Other work done by the department includes roadside mowing, brush and line trimming to improve sight lines, street sweeping, catch basin cleaning, repairing curbing, patching potholes, cleaning ditches, replacing lost street signs, rebuilding catch basins when necessary, hauling and mixing winter sand and salt, plowing and sanding, and maintaining all of the Town-owned equipment and trucks. In 2009 the Town accepted two new subdivision roads.

Educational System

The Bolton school system serves grades pre-kindergarten through twelve and is governed by a local Board of Education. Bolton has a seven-member Board of Education elected to four-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has two schools for grades pre-kindergarten through twelve (see "Principal Public Facilities" below). Enrollment in the system as of October 1, 2009 was 880 with a rated capacity of 1,050.

School Enrollment

As of October 1

<u>Historical</u>	<u>Grades Pre-K-8</u>	<u>Grades 9-12</u>	<u>Total</u>
2000	686	273	959
2001	694	281	975
2002	672	315	987
2003	637	328	965
2004	626	307	933
2005	631	300	931
2006	629	285	914
2007	597	275	872
2008	583	278	861
2009	583	297	880
 <u>Projected</u>			
2010	531	321	852
2011	515	347	862
2012	494	348	842
2013	487	347	834
2014	478	334	812

Principal Public Facilities

Other Public Facilities

<u>Facility</u>	<u>Date Constructed</u>	<u>Last Major Additions and Renovations</u>	<u>Type of Construction</u>	<u>Possible Major Improvements</u>
Town Hall	1914	1959	Wood frame	None
Library	1975	-	Joint masonry	None
Fire House	1986	-	Block and brick	None
Old Fire House	1946	1959	Joint masonry	None
Town Garage	1991	-	Steel	None
Parks Garage	2001	-	Steel	None
Old Town Garage	1954	-	Block	None
Community Building	1970	-	Wood frame	None
Sand/Salt Shed	2002	-	Wood frame	None
Notch Road Municipal Complex ...	1952	1998	Masonry	None
Bolton Heritage Farm	2000 (acquired)	-	Wood frame	None
Pistritto Property	2007 (acquired)	-	Brick	None

School Facilities

<u>School</u>	<u>Grades</u>	<u>Date Constructed (Last Renovations or Additions)</u>	<u>Type of Construction</u>	<u>Number of Classrooms</u>	<u>Enrollment As of 10/1/09</u>	<u>Operating Capacity</u>
Bolton Center	Pre-K-8	1968 (1994)	Masonry	48.0	583	700
Bolton High	9-12	1963 (1993)	Masonry	22.5	<u>297</u>	<u>350</u>
Total					880	1,050

Municipal Employees¹

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	45	45	45	45	45
Board of Education	<u>171</u> ²	<u>182</u>	<u>177</u>	<u>170</u>	<u>172</u>
Total	216	227	222	215	217

¹ Full-time equivalent.

² Eight positions were eliminated due to changes in operations, mostly concerning special education.

Employees Bargaining Organizations

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
Teachers	Bolton Education Association	91	6/30/12
Administrators	Bolton Administrators Association	5	6/30/12
Secretaries	Local 1303-236, Council #4, American Federation of State, County and Municipal Employees, AFL-CIO	5	6/30/11
Custodians	Local 1303-127, Council #4, American Federation of State, County and Municipal Employees, AFL-CIO	9	6/30/12
Instructional Assistants	Local 1303-355, Council #4, American Federation of State, County and Municipal Employees, AFL-CIO	21	6/30/11
Highway	Local 1303-126, Council #4, American Federation of State, County and Municipal Employees, AFL-CIO	4	6/30/12
Non-supervisors	Local 1303-331, Council #4, American Federation of State, County and Municipal Employees, AFL-CIO	13	6/30/12
Supervisors	Local 818, Council #4, American Federation of State, County and Municipal Employees, AFL-CIO	5	6/30/12

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 of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population and Density

<u>Year</u>	<u>Population¹</u>	<u>Percent Change</u>	<u>Density²</u>
2000	5,017	9.7	324
1990	4,575	15.8	295
1980	3,951	7.0	255
1970	3,691	25.8	238
1960	2,933	-	189

Sources: ¹ U.S. Department of Commerce, Bureau of Census, Census of Population 1960-2000.

² Population per square mile: 15.5 square miles.

Age Distribution of the Population

<u>Age¹</u>	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	306	6.1	223,344	6.5
5 to 9 years	354	7.1	244,144	7.2
10 to 14 years	446	8.9	241,587	7.1
15 to 19 years	288	5.7	216,627	6.4
20 to 24 years	161	3.2	187,571	5.5
25 to 34 years	434	8.7	451,640	13.2
35 to 44 years	995	19.8	581,049	17.1
45 to 54 years	893	17.8	480,807	14.1
55 to 59 years	334	6.7	176,961	5.2
60 to 64 years	228	4.5	131,652	3.9
65 to 74 years	337	6.7	231,565	6.8
75 to 84 years	187	3.7	174,345	5.1
85 years and over	<u>54</u>	<u>1.1</u>	<u>64,273</u>	<u>1.9</u>
Total	5,017	100.0	3,405,565	100.0
2000 median age (years) ¹	40.5	-	37.4	-
1990 median age (years) ²	36.2	-	34.4	-

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

² U.S. Department of Commerce, Bureau of Census, 1990 Census.

Income Distribution

	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 - 9,999	21	1.5	33,423	3.8
10,000 - 14,999	22	1.5	23,593	2.7
15,000 - 24,999	56	3.9	63,262	7.1
25,000 - 34,999	68	4.7	75,413	8.5
35,000 - 49,999	179	12.4	120,134	13.6
50,000 - 74,999	331	22.9	198,924	22.5
75,000 - 99,999	312	21.6	141,981	16.0
100,000 - 149,999	323	22.3	132,177	14.9
150,000 - 199,999	72	5.0	42,472	4.8
200,000 and over	<u>61</u>	<u>4.2</u>	<u>54,368</u>	<u>6.1</u>
Total	1,445	100.0	885,747	100.0

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

Comparative Income Measures

	<u>Town of Bolton</u>	<u>State of Connecticut</u>
Per capita income, 1999	\$29,205	\$28,766
Median family income, 1999	\$78,933	\$65,521
Median household income, 1999	\$67,394	\$53,935
Percent below poverty, 1999	2.5%	5.6%

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

Educational Attainment Years of School Completed - Age 25 and Over

	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	62	1.8	132,917	5.8
9th to 12th grade, no diploma	144	4.2	234,739	10.2
High school graduate	961	28.0	653,300	28.5
Some college, no degree	679	19.8	402,741	17.5
Associate's degree	323	9.4	150,926	6.6
Bachelor's degree	705	20.6	416,751	18.2
Graduate or professional degree	<u>554</u>	<u>16.2</u>	<u>304,243</u>	<u>13.2</u>
Total	3,428	100.0	2,295,617	100.0
Total high school graduate or higher	-	94.0	-	84.0
Total bachelor's degree or higher	-	36.7	-	31.4

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

Labor Force Data

<u>Reporting Period Average</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>		
				<u>Town of Bolton</u>	<u>Hartford Labor Market</u>	<u>State of Connecticut</u>
June 2010	3,092	2,877	215	7.0	9.1	8.9
2009	3,058	2,868	190	6.2	8.6	8.2
2008	3,065	2,935	430	4.2	5.8	5.7
2007	3,013	2,916	97	3.2	4.7	4.6
2006	3,002	2,905	97	3.2	4.5	4.4
2005	2,979	2,870	109	3.7	5.1	4.9
2004	2,942	2,842	100	3.4	5.2	4.9
2003	2,959	2,840	119	4.0	5.7	5.5
2002	2,948	2,864	84	2.8	4.5	4.4
2001	2,944	2,884	60	2.0	3.2	3.1
2000	2,913	2,866	47	1.6	2.3	2.3

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

<u>Sector</u>	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting, and mining.....	17	0.6	7,445	0.4
Construction	146	5.2	99,913	6.0
Manufacturing	385	13.7	246,607	14.8
Wholesale trade	112	4.0	53,231	3.2
Retail trade	266	9.5	185,633	11.2
Transportation, warehousing and utilities	67	2.4	64,662	3.9
Information	86	3.0	55,202	3.3
Finance, insurance, real estate and leasing	324	11.5	163,568	9.8
Professional, scientific, management, administrative and waste management	309	11.0	168,334	10.1
Educational, health and social services	707	25.1	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	98	3.5	111,424	6.7
Other services	127	4.5	74,499	4.5
Public administration	<u>168</u>	<u>6.0</u>	<u>67,354</u>	<u>4.1</u>
Total	2,812	100.0	1,664,440	100.0

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

Major Employers

The following are among the most significant employers in the Town of Bolton.

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees¹</u>
Town of Bolton	Municipality	216
Syndet Products	Manufacturer, cleaning solutions	80
Bolton Veterinary Hospital	Animal health care	65
Munson's Candy Kitchen	Confectioner	32
Carlyle Johnson Machine Company	Engineering and manufacturing, clutches and brakes	30

¹Full-time equivalent.

**Commute to Work
16 years of age and over**

	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	2,479	88.2	1,312,700	80.0
Car pools	149	5.3	154,400	9.4
Using public transportation	15	0.5	65,827	4.0
Walked	47	1.7	44,348	2.7
Using other means	-	-	12,130	0.8
Worked at home	<u>120</u>	<u>4.3</u>	<u>51,418</u>	<u>3.1</u>
Total	2,810	100.0	1,640,823	100.0
Mean travel to work (minutes)	23.4	-	24.4	-

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

Age Distribution of Housing

<u>Household Characteristics</u>	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Built in 1939 or earlier	196	10.0	308,896	22.3
Built in 1940-1969	948	48.1	571,218	41.2
Built in 1970-1979	274	13.9	203,377	14.7
Built in 1980-1989	307	15.6	183,405	13.2
Built in 1990-1994	98	5.0	56,058	4.0
Built in 1995-March 2000	<u>146</u>	<u>7.4</u>	<u>63,021</u>	<u>4.6</u>
Total	1,969	100.0	1,385,975	100.0

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

Housing Units by Type of Structure

<u>Household Characteristics</u>	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Single-family detached	1,763	89.5	816,706	58.9
Single-family attached	16	0.8	71,185	5.1
Multifamily	177	9.0	485,890	35.1
Mobile home, trailer, or other	<u>13</u>	<u>0.7</u>	<u>12,194</u>	<u>0.9</u>
Total	1,969	100.0	1,385,975	100.0

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

Housing Unit Vacancy Rates

<u>Housing Units</u>	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Occupied housing units	1,906	96.8	1,301,670	93.9
Vacant housing units	<u>63</u>	<u>3.2</u>	<u>84,305</u>	<u>6.1</u>
Total units	1,969	100.0	1,385,975	100.0
Homeowner vacancy rate	-	0.9	-	1.1
Rental vacancy rate	-	4.8	-	5.6

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

Owner-occupied Housing Units

	<u>Town of Bolton</u>	<u>State of Connecticut</u>
Total owner-occupied units	1,629	869,729
Persons per unit	2.76	2.67
Mean number of rooms	6.4	5.6

	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
<u>Specified Owner-occupied Units</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	-	-	5,996	0.8
\$ 50,000 to \$ 99,999	108	7.0	85,221	11.7
\$100,000 to \$149,999	467	30.2	212,010	29.1
\$150,000 to \$199,999	443	28.7	156,397	21.5
\$200,000 to \$299,999	376	24.3	137,499	18.9
\$300,000 to \$499,999	139	9.0	79,047	10.9
\$500,000 or more	<u>13</u>	<u>0.8</u>	<u>52,074</u>	<u>7.1</u>
Total	1,546	100.0	728,244	100.0
Median value	\$173,700	-	\$166,900	-

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

Building Permits

<u>Fiscal Year</u>	<u>Residential</u>		<u>Commercial/ Industrial</u>		<u>Farm</u>		<u>Total</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2010	8	\$3,333,416	-	\$ -	-	\$ -	8	\$3,333,416
2009	6	1,861,439	-	-	-	-	6	1,861,439
2008	7	1,928,000	-	-	-	-	7	1,928,000
2007	23 ¹	8,644,367	-	-	-	-	23	8,644,367
2006	10	4,137,900	-	-	-	-	10	4,137,900
2005	13	5,558,875	1	118,877	-	-	14	5,677,752
2004	12	5,502,429	2	435,889	-	-	14	5,938,318
2003	8	2,754,768	1	103,788	-	-	9	2,858,556
2002	12	1,967,895	-	-	1	24,000	13	1,991,895
2001	19	3,612,005	2	442,644	-	-	21	4,054,649

¹ The Town experienced a large number of new housing starts in 2007, including three subdivisions.

Source: Town of Bolton, Building Department.

Number and Size of Households

<u>Household Characteristics</u>	<u>Town of Bolton</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons in households	5,017	-	3,297,626	-
Persons per household (average)	2.63	-	2.53	-
Persons per family (average)	3.06	-	3.08	-
Family households	1,442	75.7	881,170	67.7
Non-family households	<u>464</u>	<u>24.3</u>	<u>420,500</u>	<u>32.3</u>
All households	1,906	100.0	1,301,670	100.0
Family households by type				
Married couple	1,266	87.8	676,467	76.8
Female householders, no spouse	126	8.7	157,411	17.8
Other	<u>50</u>	<u>3.5</u>	<u>47,292</u>	<u>5.4</u>
Total family households	1,442	100.0	881,170	100.0
Non-family households by type				
Householders living alone	375	80.8	344,224	81.9
Other	<u>89</u>	<u>19.2</u>	<u>76,276</u>	<u>18.1</u>
Total non-family households	464	100.0	420,500	100.0

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

SECTION IV - DEBT SECTION

Debt Summary As of August 12, 2010 (Pro Forma)

Outstanding Short-term Debt

The Town of Bolton does not have any outstanding short-term debt.

Outstanding Bonded Debt

<u>Dated Date</u>	<u>Final Maturity</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
11/15/02	06/01/13	School refunding bonds	2.50-3.75	\$5,362,000	\$ 995,000
06/15/07	06/15/17	Schools	4.50	185,000	160,000
06/15/07	06/15/17	General purpose	4.50	1,745,000	1,525,000
08/01/10	08/01/30	Schools (this issue)	-	9,000,000	<u>9,000,000</u>
Total					\$11,680,000

Overlapping/Underlying Debt

The Town does not have any underlying debt.

The Town of Bolton, along with the Town of Vernon, is a member of the Bolton Lakes Regional Water Pollution Control Authority (the "BLRWPCA") which has the authority to issue debt, constituting overlapping debt of the Town. The BLRWPCA currently has a State of Connecticut Clean Water Fund Interim Funding Obligation outstanding dated September 30, 2009, due June 30, 2014 in the amount of \$7,167,693. Bolton's share of this debt is 71%, or \$5,089,062. It is also anticipated that the BLRWPCA will issue \$1,716,000 United States Department of Agriculture bonds in August 2010.

Annual Bonded Debt Maturity Schedule
As of August 12, 2010
(Pro Forma)

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments	This Issue*	Cumulative Percent of Principal Retired*
2011	\$ 750,000	\$111,569	\$ 861,569	\$ -	6.42
2012	490,000	82,869	572,869	300,000	13.18
2013	490,000	62,962	552,962	310,000	20.03
2014	245,000	42,750	287,750	325,000	24.91
2015	235,000	31,725	266,725	340,000	29.84
2016	235,000	21,150	256,150	350,000	34.85
2017	235,000	10,575	245,575	365,000	39.98
2018	-	-	-	380,000	43.24
2019	-	-	-	395,000	46.62
2020	-	-	-	415,000	50.17
2021	-	-	-	430,000	53.85
2022	-	-	-	450,000	57.71
2023	-	-	-	465,000	61.69
2024	-	-	-	485,000	65.84
2025	-	-	-	505,000	70.16
2026	-	-	-	525,000	74.66
2027	-	-	-	545,000	79.32
2028	-	-	-	570,000	84.20
2029	-	-	-	590,000	89.26
2030	-	-	-	615,000	94.52
2031	-	-	-	640,000	100.00
Total	<u>\$2,680,000</u>	<u>\$363,600</u>	<u>\$3,043,600</u>	<u>\$9,000,000</u>	

*Subject to change.

**THE TOWN OF BOLTON HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
DEBT OBLIGATIONS EITHER AS TO PRINCIPAL OR INTEREST**

Current Debt Statement
As of August 12, 2010
(Pro Forma)

Bonded debt	
General purpose	\$ 1,525,000
Schools (including this issue)	<u>10,155,000</u>
Total bonded debt	11,680,000
Short-term debt	<u>-</u>
Total direct debt	11,680,000
Less school construction grants receivable	<u>565,562</u>
Total net direct debt	11,114,438
Overlapping debt (BLRWPCA)	<u>5,089,055</u>
Total overall net debt	<u>\$16,203,493</u>

**Current Debt Ratios
As of August 12, 2010
(Pro Forma)**

Population 2008 ¹	5,117
Net Taxable Grand List, 10/1/09	\$471,880,495
Estimated Full Value	\$674,114,995
Equalized Net Taxable Grand List (2007) ²	\$677,157,698
Money Income per Capita (1999) ³	\$29,205

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
Debt per Capita	\$2,282.59	\$2,172.06	\$3,166.60
Percent of Net Taxable Grand List	2.48%	2.36%	3.43%
Percent of Estimated Full Value	1.73%	1.65%	2.40%
Percent of Equalized Net Taxable Grand List	1.72%	1.64%	2.39%
Debt per Capita to Money Income per Capita	7.82%	7.44%	10.84%

¹ State of Connecticut, Department of Public Health estimate.

² State of Connecticut, Office of Policy and Management.

³ U.S. Department of Commerce, Bureau of Census, 2000 Census.

**Statement of Statutory Debt Limitation
As of August 12, 2010
(Pro Forma)**

Debt Limitation Base

Estimated total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2010 (unaudited)	<u>\$13,201,955</u>
Debt Limitation Base	\$13,201,955

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit Funding</u>
Debt Limitation by Purpose					
2.25 x base	\$29,704,399				
4.50 x base	-	\$59,408,798			
3.75 x base	-	-	\$49,507,331		
3.25 x base	-	-	-	\$42,906,354	
3.00 x base	-	-	-	-	<u>\$39,605,865</u>
Total debt limitation	29,704,399	59,408,798	49,507,331	42,906,354	39,605,865
Less indebtedness					
Bonds of this issue	-	9,000,000	-	-	-
Bonds payable	1,525,000	1,155,000	-	-	-
Authorized but unissued	<u>30,236</u>	<u>17,152,864</u>	-	-	-
Total direct indebtedness	1,555,236	27,307,864	-	-	-
Less school construction grants	-	<u>565,562</u>	-	-	-
Total net direct indebtedness	1,555,236	26,742,302	-	-	-
Overlapping debt - Town's 71% share of BLRWPCA debt	-	-	<u>5,089,055</u>	-	-
Total overall net indebtedness	1,555,236	26,742,302	5,089,055	-	-
Debt limitation in excess of outstanding and authorized debt	\$28,149,163	\$32,666,496	\$44,418,276	\$42,906,354	\$39,605,865

Note: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$92,413,685.

**Authorized but Unissued Debt
As of August 12, 2010
(Pro Forma)**

<u>Project</u>	<u>Appropriation</u>	<u>Previously Bonded</u>	<u>Grants/ Paydowns</u>	<u>This Issue</u>	<u>Authorized but Unissued</u>
Board of Education facilities improvements	\$ 187,864	\$ 185,000	\$ -	\$ -	\$ 2,864
Town facilities improvements	409,386	400,000	-	-	9,386
Aerial fire truck	755,850	745,000	-	-	10,850
Property acquisition	760,000	600,000	150,000 ¹	-	10,000
High school project	<u>26,150,000</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>	<u>17,150,000²</u>
Total	\$28,263,100	\$1,930,000	\$150,000	\$9,000,000	\$17,183,100

¹ The Town will be applying \$150,000 of General Fund balance to defray in part the project appropriation.

² The Town has executed a contract with the Town of Columbia to provide secondary educational services to high school students on a tuition-fee basis. During fiscal year 2011, 75 Columbia students will attend at a charge of \$10,349 per student. The Town will use 80% of the tuition payments to defray project costs as well as debt service costs..

Authority to Incur Debt

The Town of Bolton has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. The issuance of bonds and notes is authorized by the Town Meeting upon the recommendation of the Board of Finance. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**Ratio of Bonded Debt Service
To Total Expenditures**

<u>Fiscal Year Ended 6/30</u>	<u>Total Bonded Debt Service</u>	<u>Total Expenditures</u>	<u>Ratio of Debt Service to Expenditures</u>
2009	\$ 937,918	\$17,958,931	5.2
2008	992,143	20,232,287	4.9
20072	942,885	15,920,098	5.9
2005	1,063,431	15,671,574	6.8
2004	844,308	14,517,506	5.8

SECTION V - FINANCIAL SECTION

The financial information for the fiscal years ended June 30, 2005 through 2009 has been derived from audited financial statements. The estimated 2009-10 results of operations and budget for 2010-11 have been provided by the Town. The Town's independent accountants have not examined, reviewed or compiled any of the estimates presented herein or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. Except for Appendix A to this Official Statement, the financial information presented herein is the responsibility of the Town's management (Appendix A - "Audited Financial Statements" was taken from the Annual Financial Report of the Town of Bolton for the Fiscal Year ended June 30, 2009). The auditors have not been asked to give nor have they given permission to print such financial statements in this Official Statement.

Comparative Assessed Valuations

Grand List of 10/1	Real Property Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2009	90.1	2.4	7.5	\$475,775,490	\$3,894,995	\$471,880,495	0.3
2008	90.7	2.1	7.2	474,401,150	3,711,925	470,689,225	17.2
2007	88.5	2.4	9.1	405,801,730	4,169,495	401,632,235	2.3
2006	88.8	2.2	9.0	396,554,030	4,071,855	392,482,175	1.1
2005	88.8	2.1	9.1	392,212,870	4,118,975	388,093,895	1.6
2004	89.2	1.9	8.9	385,628,430	3,748,505	381,879,925	2.0
2003	89.7	1.8	8.5	378,211,570	3,669,485	374,542,085	-

The latest revaluation was completed and became effective October 1, 2008 for the fiscal year 2010.

Principal Taxpayers

Name	Nature of Business	Taxable Valuation As of 10/1/09	Percent of Net Taxable Grand List¹
Connecticut Light & Power	Public utility	\$ 2,836,630	0.60
Gorra, Jennie, Trustee	Manufacturing	2,023,570	0.43
Fiano, Lawrence F.	Apartments	1,721,440	0.36
High Ridge Farm at Bolton LLC	Developer	1,646,220	0.35
Bolton Ice Palace LLC	Skating rink facility	1,140,650	0.24
Simoniz USA	Manufacturing	1,071,670	0.23
291 Boston Turnpike Associates LLC	Real estate	1,065,370	0.23
174 Hop River Road LLC	Confectioner	953,380	0.20
Fiano, Lawrence F. and Rose D.	Real estate	945,950	0.20
Bolton Mountain View LLC	Developer	943,120	0.20
Total		\$14,348,000	3.04

¹ Based on 10/1/09 Net Taxable Grand List of \$471,880,495.

Property Tax Levies and Collections

Fiscal Year Ended 6/30	Net Taxable Grand List (000s)	Mill Rate	Total Adjusted Tax Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/10
2010	\$470,689	28.18	\$13,212,604	98.8	1.2	1.2
2009	401,632	31.47	12,648,028	98.9	1.1	0.6
2008	392,482	30.97	12,234,012	99.0	1.0	0.3
2007	388,094	30.52	11,881,057	99.1	0.9	-
2006	381,880	29.30	11,233,834	99.1	0.9	-
2005	374,542	27.91	10,447,224	98.7	1.3	-
2004	274,404	36.20	9,983,296	98.8	1.2	-

Property Taxes Receivable

<u>Fiscal Year Ended 6/30</u>	<u>Current Year</u>	<u>Total</u>
2009	\$145,134	\$245,803
2008	119,437	214,843
2007	108,779	187,814
2006	103,335	185,810
2005	141,028	269,982
2004	124,400	255,489

Intergovernmental Revenues as a Percent of Total Revenues

<u>Fiscal Year Ended 6/30</u>	<u>Intergovernmental Revenues</u>	<u>Total Revenues</u>	<u>Percent</u>
2009	\$4,585,666	\$17,934,070	25.6
2008	7,724,870	20,753,014	37.2
2007	4,053,413	16,717,158	24.2
2006	3,950,504	15,883,721	24.9
2005	3,582,620	14,580,832	24.6
2004	3,657,989	14,093,086	26.0

Capital Improvement Program

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
Equipment and vehicles	\$150,500	\$ 935,000	\$ 285,000	\$428,000	\$ 123,500	\$1,922,000
Facilities improvements and repairs	21,385	921,500	700,000	335,000	710,000	2,687,885
Road resurfacing	<u>200,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>900,000</u>
Total	\$371,885	\$2,031,500	\$1,160,000	\$938,000	\$1,008,500	\$5,509,885

The Town has a five-year capital improvement plan for the purchase of new and replacement equipment and vehicles, improvements to public buildings, grounds, and facilities and acquisition of open space. The Town's financial practice is to pay-as-you-go for such expenditures through the current operating budget appropriations, capital reserves maintained in the Capital Reserve and Capital Projects Funds and grants.

Comparative Balance Sheets

	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/06</u>	<u>6/30/05</u>
Assets					
Cash and cash equivalents	\$1,500,682	\$1,274,341	\$3,012,285	\$1,200,903	\$1,294,412
Investments	512,695	118	-	-	-
Accounts receivable	37,570	50,175	6,000	1,274	9,038
Property taxes receivable	245,803	214,843	187,814	185,810	232,316
Intergovernmental receivable	68,709	33,777	37,550	15,639	14,631
Prepaid items	-	66,652	-	-	-
Due from other funds	67,059	1,136,967	78,081	55,360	17,361
Total assets	<u>\$2,432,518</u>	<u>\$2,776,873</u>	<u>\$3,321,730</u>	<u>\$1,458,986</u>	<u>\$1,567,758</u>
Liabilities and fund equity					
Liabilities					
Accounts payable	\$ 139,615	\$ 307,578	\$ 53,953	\$ 1,033	\$ 1,620
Accrued payroll	72,557	59,438	-	-	-
Due to other funds	666,018	579,914	1,665,075	282,242	420,147
Other liabilities	-	4,681	-	-	-
Notes payable	-	-	-	-	325,000
Deferred revenues	215,517	205,614	169,014	161,810	189,837
Total liabilities	<u>1,093,707</u>	<u>1,157,225</u>	<u>1,888,042</u>	<u>445,085</u>	<u>936,604</u>
Fund equity					
Reserved for:					
Prepaid items	-	66,652	-	-	-
Encumbrances	11,000	198,970	174,117	78,741	130,168
Designated ¹	898,694	823,755	740,480	648,086	287,074
Unreserved and undesignated	429,117	530,271	519,091	287,074	213,912
Total fund equity	<u>1,338,811</u>	<u>1,619,648</u>	<u>1,433,688</u>	<u>1,013,901</u>	<u>631,154</u>
Total liabilities and fund equity	<u>\$2,432,518</u>	<u>\$2,776,873</u>	<u>\$3,321,730</u>	<u>\$1,458,986</u>	<u>\$1,567,758</u>
Analysis of General Fund equity					
Operating revenues ²	\$17,934,070	\$20,753,014	\$16,717,158	\$15,883,721	\$14,580,832
Fund equity as a percent of					
operating revenues	7.5%	7.8%	8.6%	6.4%	4.3%
Undesignated fund equity as					
a percent of operating revenues ..	7.4%	6.5%	7.5%	5.9%	3.4%

¹The management of the Town, at the direction of the Board of Finance, sets aside a portion of the Town's unreserved and undesignated fund balance to provide required resources to meet operating needs during a financial emergency and to allow for other unforeseen needs of an emergency nature. The Town adds \$50,000 annually, and in 2009, added an additional \$24,939 due to interest earned during the fiscal year on prior year balance.

²Operating revenues include payments made from the State of Connecticut to the teachers' pension fund on behalf of the Town.

General Fund Revenues and Expenditures

	Adopted Budget 2010-11²	Projected 2009-10²	2008-09	2007-08	2006-07
Revenues					
Property taxes	\$13,512,871	\$13,159,339	\$12,697,498	\$12,273,875	\$11,930,071
Intergovernmental revenues ¹ ...	3,519,964	3,783,535	4,585,666	7,724,870	4,053,413
Charges for services and fees ...	157,330	167,328	366,046	256,323	258,161
Interest	48,000	38,106	160,242	292,894	368,875
Other	<u>747,812³</u>	<u>1,181,714⁴</u>	<u>124,618</u>	<u>205,052</u>	<u>106,638</u>
Total revenues	17,985,977	18,330,022	17,934,070	20,753,014	16,717,158
Expenditures					
General government	2,110,917	2,022,996	2,068,883	1,879,812	1,823,446
Public safety	378,713	363,250	327,754	300,914	283,669
Public works	847,650	981,756	918,182	727,286	594,119
Community services	178,172	175,959	369,904	358,594	138,772
Building, planning and zoning	179,357	491,510	130,317	129,386	124,852
Sanitation and waste	521,603	173,054	392,166	359,104	417,478
Education ¹	12,072,251	12,023,204	12,675,559	15,385,286	11,395,676
Miscellaneous	409,722	405,211	-	-	199,201
Capital outlay	371,885	235,343	118,248	99,762	-
Debt service	<u>1,111,579</u>	<u>1,211,867</u>	<u>957,918</u>	<u>992,143</u>	<u>942,885</u>
Total expenditures	18,181,849	18,084,150	17,958,931	20,232,287	15,920,098
Excess (deficiency) of revenues over expenditures	(195,872)	245,872	(24,861)	520,727	797,060
Other financing sources (uses):					
Debt proceeds			78,509	-	-
Operating transfers in			-	-	-
Operating transfers out			<u>(334,485)</u>	<u>(332,213)</u>	<u>(364,256)</u>
Total other financing sources (uses)			(255,976)	(332,213)	(364,256)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses			(280,837)	188,514	432,804
Fund balance, beginning of year			<u>1,619,648</u>	<u>1,431,134⁵</u>	<u>1,000,884</u>
Fund balance, end of year			\$1,338,811	\$1,619,648	\$1,433,688

¹ State on-behalf payments not included in 2010-11 budget. For fiscal years ended 2007 through 2009, on-behalf payments are included in intergovernmental revenues and educational expenditures.

² Budgetary basis.

³ Includes \$195,872 of cash surplus from previous year and \$250,000 of a temporary loan from fund balance.

⁴ Includes \$379,117 of cash surplus from previous year and \$250,000 of a temporary loan from fund balance.

⁵ Restated.

Audit

The Town of Bolton, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State of Connecticut, Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2009, the financial statements of the various funds of the Town were audited by Stephen T. Hopkins, CPA, PC, Certified Public Accountants.

Summary of Accounting Principles

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when measurable and available to finance current operations and expenditures generally recognized when the related fund liability is incurred. The accounting policies of the Town conform with generally accepted accounting principles as applied to governmental units. (See Appendix A - "Audited Financial Statements, Notes to Financial Statements" herein.)

Pension and Other Post-Employment Benefit Plans

General Town employees are covered under a Deferred Compensation Plan, which permits them to defer a portion of their salary. The Town also contributes 5% of each covered employee's annual wage, with the exception of two employees, where the Town contributes 8% for one and 10% for the other. For the year ended June 30, 2009 total general Town employee salaries were \$1,472,955 and covered wages were approximately \$1,331,299.

Employees of the Board of Education are covered under a Simplified Employee Pension Plan in which 6½% of their covered wages are contributed. Financial information covering each account is sent directly to the individual by the custodial bank. The Town does not have any unfunded pension liability.

All teachers and certified administrators employed by the Town of Bolton participate in a contributory defined benefit plan (the "Benefit Plan") established under Chapter 167a of the Connecticut General Statutes which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the Benefit Plan and are required to contribute 7.25% of their annual earnings to the Benefit Plan. The retirement system is funded by the State based on the recommendations of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed and unfunded liability. The State does not allocate its contribution by school system, and accordingly, the contribution relating to the Town is not available. The Town does not and is not legally responsible to contribute to the Benefit Plan.

The Town is in the process of complying with the requirements of Governmental Accounting Standards Board ("GASB") Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town is in compliance with the reporting requirements of GASB 45 beginning with the 2009 fiscal year.

See Appendix A - "Audited Financial Statements, Notes to Financial Statements, Notes 10, 11 and 19" herein.

Budget Adoption Procedure

Annual operating budget requests are prepared by each department and agency head and submitted to the Board of Selectmen. After review by the Board of Selectmen, budgets are forwarded to the Board of Finance with recommendations. The Superintendent of Schools submits the local education budget to the Board of Education, which has the authority to increase or decrease the Superintendent's requests. After one or more public hearings, the Board of Finance may increase or decrease individual line items in the budget requests for general government agencies and departments, but may increase or decrease the bottom line only for education budget requests. The annual budget shall become effective only after it has been approved by the Board of Finance and adopted by an annual referendum. The annual budget referendum may adopt, reject, but cannot increase the budget or any portion thereof as approved or deemed to have been approved by the Board of Finance. The adoption of the budget by the annual budget referendum shall be deemed to constitute the appropriation to each commission, board, agency and office. Subsequent to the budget approval, the mill rate is set by the Board of Finance.

Assessment Practices

The Town of Bolton completed its last general revaluation for the October 1, 2008 grand list, and statistical revaluations will be required for the assessment years commencing October 1, 2013 and October 1, 2018.

The Assessor's Office is responsible for locating and appraising all real and personal property within the Town for inclusion onto the grand list. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

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 Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

The Assessor's Office is also responsible for the administration of several property exemption and payment-in-lieu-of-taxes programs which include, but are not limited to, the following: special veterans programs; elderly tax relief for homeowners and renters; farm, forest and open space; blind and disabled taxpayers; manufacturing exemptions; and State-owned property reimbursement programs.

Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real property taxes, personal property and motor vehicle taxes are payable on July 1 following the levy date, although a 30-day grace period is provided. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes, which are deemed to be uncollectible.

Investment Practices

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in obligations of the United States and its agencies, highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated investment companies (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut STIF and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the laws applicable to fiduciaries and the provisions of the applicable plan generally control investment of such funds.

SECTION VI - ADDITIONAL INFORMATION

Continuing Disclosure

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

For the past five years, The Town has complied in all material respects with any previous undertaking made by the Town under the Rule.

The Town of Bolton prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody's Investors Service ongoing disclosure in the form of the Annual Financial Report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

Litigation

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

Documents to Be Furnished at Closing

The following documents will be furnished when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman and the Treasurer, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C.
5. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
6. Within seven business days after the bid opening, the Town will furnish the original purchaser of the Bonds 75 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer. If the Town's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriters, and the name of the insurer, if any, of the Bonds.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town of Bolton, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Town of Bolton, Connecticut

By _____
Robert R. Morra, First Selectman

By _____
Catherine H. Peterson, Treasurer

Dated as of July __, 2010

APPENDIX A - AUDITED FINANCIAL STATEMENTS

The following includes the audited financial statements of the Town of Bolton, Connecticut for the fiscal year ended June 30, 2009. The supplemental data and management letter which were a part of that report have not been reproduced herein. A copy of the complete report is available upon request from Christine R. Caruolo, CTP, Assistant Vice President, Webster Bank, CityPlace II, 185 Asylum Street, Hartford, Connecticut 06103 (telephone: (860) 692-1711).

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

Independent Auditors' Report

Board of Finance
Board of Selectmen
Town of Bolton , Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bolton, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Single Audit Act (C.G.S. Sections 4-230 to 236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management classified certain expenditures for the Town as encumbrances during the prior fiscal year and as a result they are not shown on the accompanying current fiscal year budget to actual statement for the general fund. Accounting standards generally accepted in the United States of America define an encumbrance in part as the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Through a review of these prior fiscal year Town encumbrances it was determined that approximately \$153,736 did not appear to meet the aforementioned definition. These expenditures were not included on the accompanying current fiscal year budget to actual statement for the general fund.

In our opinion, except for the effects on the accompanying budget to actual statement for the general fund relating to recording of certain encumbrances as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Town of Bolton, Connecticut, as of June 30, 2009, and the respective changes in financial information and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, 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 Town of Bolton, Connecticut, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the Town of Bolton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's discussion and analysis on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bolton, Connecticut's basic financial statements. The combining, individual fund financial statements, and other supplementary information listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

December 4, 2009

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

Our discussion and analysis of the Town of Bolton, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements.

Financial Highlights - Government-wide financial statements

- The Town's total assets exceeded its total liabilities by \$19,685,975 (net assets) as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$19,749,958. This represents an unfavorable decrease of approximately .32%
- The Town's invested in capital assets, net of related debt net asset balance is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The total invested in capital assets, net of related debt net asset balance of the Town was \$16,315,352 (82.88% of total net assets) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$15,886,882 (80.44% of total net assets). This represents an increase of approximately 2.70% which is the result of a decrease in the related debt of \$38,151, current year depreciation in the amount of \$725,631, and current year capital asset additions in the amount of \$1,115,950. The Town entered into a new capital lease agreement with a principal amount of \$78,509 to finance a portion of the costs of a new tractor for the highway department. In addition, the town made the final payment on a loan issued in June of 2006. Current fiscal year debt service principal payments totaled \$788,000 which was reduced by a prior fiscal year deferred refunding amount of \$30,454.
- The Town's restricted net assets are used to account for funds received with constraints imposed by grantors and contributors. These net assets *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net asset balance of the Town was \$1,051,060 (5.34% of total net assets) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$1,565,524 (7.93% of total net assets). This represents a decrease of \$514,464 or approximately 32.86%. This decrease is made up mostly of payments received by the Town on long-term accounts receivable of \$339,376 and a decrease in current fiscal year recorded encumbrances of \$177,565.
- The Town's unrestricted net asset balance is the component of net assets which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net asset balance of the Town was \$2,319,563 (11.78% of total net assets) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$2,297,552 (11.63% of total net assets). This represents a favorable increase of approximately .96%. Unrestricted net assets is calculated by subtracting the known invested in capital assets net assets balance and the restricted net assets balance from the known total net assets balance. Therefore, the change in this balance is a direct correlation of the changes in the other two components.
- The Town's total revenues for its governmental activities were \$19,128,101 for the current fiscal year. This compares to the prior fiscal year balance of \$22,168,493. This represents a decrease of \$3,040,392 or approximately 13.71%. This is due in large part to a decrease in the State recorded on-behalf revenues in the amount of \$3,283,830. This decrease is due to the State decreasing its teachers retirement funding percentage from 74.00% last fiscal year to 15.44% for the current fiscal year. Additional information on this and the following item can be seen on the revenue and expense comparison on page 6 and the budget to actual statement on pages 16 and 17.
- The Town's total expenses for its governmental activities were \$19,192,084 for the current fiscal year. This compares to the prior fiscal year balance of \$21,556,782. This represents a decrease of \$2,364,698 or approximately 10.96%. This is due in large part to a decrease in the State recorded on-behalf expenses in the amount of \$3,283,830. This decrease is due to the State decreasing its teachers retirement funding percentage from 74.00% last fiscal year to 15.44% for the current fiscal year. Education expenditures were increased by \$428,818 as a result of the new accounting standard for other post-employment benefits which relate to post-employment health benefits. More information can be found in note 19 on pages 33 - 35.
- The Board of Education of the Town received approximately \$673,850 in grant dollars from a number of sources including State grant funds and Federal pass-through grant funds to assist in a number of educational programs and projects from school renovations, to improving basic programs, to enhancing education through technology. This compares to approximately \$704,109 in the prior fiscal year. These revenue amounts represent the amounts recorded by the Town in the fund financial statements. The amounts shown in the government-wide financial statements have been adjusted for unearned amounts which are recorded as deferred revenues on the Statement of net assets.

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

Using this annual report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of net assets and the Statement of activities which are shown on pages 10 and 11 and which provide information about the activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance Sheet and the Statement of revenues, expenditures, and changes in fund balances which are shown on pages 12 and 14 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. Budget to actual information is reported in these fund financial statements for the general fund on pages 16 and 17. The remaining statement provides financial information about activities for which the Town acts solely as a trustee or agent for the benefit of groups outside of the Town. These statements report the fiduciary activities of the Town of which the Town only operates in an agency fund capacity.

Reporting the Town as a whole

Our analysis of the Town as a whole begins on page 10 with the Statement of net assets. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal years activities?" The statement of net assets and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. The statement of net assets includes all of the assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities.

These two statements report the Town's net assets and the changes in these net assets. You can think of these net assets as one way to measure the financial health and financial position of the Town. The net asset balance is made up of the difference between the assets and liabilities of the Town. Over time, increases and decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town, and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type, and component units. The Town's activities are classified solely as governmental activities and are characterized as follows:

- Governmental activities - All of the Town's basic services are reported here, including general government, public safety, public works, health recreation and social services, community preservation, education, and other unclassified programs and activities. Property taxes, charges for services, State and Federal operating and capital grants and other funding, and other miscellaneous revenues finance most of these activities in whole or in part.

Reporting the Town's most significant funds

Our analysis of the Town's major funds begins on page 12 with the Balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of Finance and the Board of Selectmen of the Town has the authority to establish many other funds which it uses to help control and manage money for particular purposes (such as the cafeteria fund or the recreation round fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for school grants). The Town uses governmental funds which are characterized as follows:

- Governmental funds - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs and activities. The relationship between governmental activities and governmental funds is presented in a reconciliation at the bottom of the fund financials.

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

The Town as a trustee

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds are used by the Town to report assets held in a trustee or agency capacity for other groups and therefore cannot be used to support the Town's own programs. The type of fiduciary funds for which the Town is the trustee are agency funds which are characterized as follows:

- Agency funds are used to report resources held by the Town in a purely custodial capacity. Agency funds of the Town consist of the student activity accounts located at the Board of Education and performance and similar bonds which are held by the Town until certain requirements are fulfilled.

The Town as a whole - Assets, liabilities, and net assets

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. As shown below the Town maintains a high current ratio. The current ratio compares the current assets of the Town to its current liabilities and gives an indication of the Town's ability to pay current obligations. As of the end of the current fiscal year the current ratio of the Town was 2.39 to 1 compared to the end of the prior fiscal year when the current ratio was 2.53 to 1. This ratio is considered very strong. Another indication of the Town's ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current liabilities from the current assets. As of the end of the current fiscal year the Town's positive working capital balance was \$1,894,748. This compares to the prior fiscal year positive balance of \$2,274,024. This represents an unfavorable decrease of \$379,276 or approximately 16.68%. This unfavorable decrease is due in part to the net results of the capital projects fund and the general fund whose expenditures exceeded its revenues during the current fiscal year netted against the positive results of several other non-major special revenue funds. The net result within the capital projects fund was an unfavorable decrease of \$399,882.

	Governmental Activities		Percentage of Total	
	2009	2008	2009	2008
Current assets	\$ 3,253,053	\$ 3,759,860	13.37%	15.18%
Other assets	1,302,172	1,633,486	5.35%	6.60%
Capital assets	19,772,039	19,381,720	81.28%	78.22%
	<u>\$ 24,327,264</u>	<u>\$ 24,775,066</u>	<u>100.00%</u>	<u>100.00%</u>
Current and other liabilities	\$ 1,358,305	\$ 1,485,836	29.27%	29.57%
Long-term liabilities outstanding	3,282,984	3,539,272	70.73%	70.43%
	<u>\$ 4,641,289</u>	<u>\$ 5,025,108</u>	<u>100.00%</u>	<u>100.00%</u>
Net assets:				
Invested in capital assets, net of debt	\$ 16,315,352	\$ 15,886,882	82.88%	80.44%
Restricted	1,051,060	1,565,524	5.34%	7.93%
Unrestricted	2,319,563	2,297,552	11.78%	11.63%
	<u>\$ 19,685,975</u>	<u>\$ 19,749,958</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net assets:				
Long-term accounts receivable	\$ 647,881	\$ 992,531		
Encumbrances	11,000	188,565		
Permanent fund balances	392,179	384,428		
	<u>\$ 1,051,060</u>	<u>\$ 1,565,524</u>		

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

The Town as a whole - Revenues, expenses, and changes in net assets

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Town specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount and percentage of total Town expenditures actually financed by the general revenues of the Town. This amount and percentage is shown at the bottom of this schedule and should be used to give the reader an indication of how the Town's activities were financed during the current fiscal year in comparison to the prior fiscal year. The comparison of expenses shown below indicates that the general make-up of the Town's spending by department as a percentage of total spending was consistent for the current fiscal year in comparison to the prior fiscal year.

	Governmental Activities		Percentage of Total	
	2009	2008	2009	2008
Program revenues				
Charges for services	\$ 694,924	\$ 616,665	3.64%	2.78%
Operating grants and contributions	4,948,308	8,123,417	25.88%	36.67%
Capital grants and contributions	267,904	372,925	1.40%	1.68%
General revenues				
Property taxes, interest, and liens	12,696,038	12,304,073	66.41%	55.54%
State property tax relief revenues	116,347	116,639	0.61%	0.53%
Other unclassified state revenues	46,173	41,672	0.24%	0.19%
Interest and dividends	186,219	380,117	0.95%	1.68%
Miscellaneous	172,188	212,985	0.87%	0.93%
Total revenues	19,128,101	22,168,493	100.00%	100.00%
Expenses				
General government	2,146,642	1,910,985	11.19%	8.87%
Public works	722,867	1,017,123	3.77%	4.72%
Public safety	440,744	359,802	2.30%	1.67%
Building, planning and zoning	134,559	144,995	0.70%	0.67%
Community services	515,961	495,520	2.68%	2.28%
Sanitation and waste	392,166	359,104	2.04%	1.67%
Education	13,440,609	12,463,039	70.03%	57.82%
Education - on behalf	903,549	4,187,379	4.71%	19.43%
Capital outlay	118,248	220,513	0.62%	1.02%
Depreciation	176,367	170,725	0.92%	0.79%
Debt service:				
Interest	200,372	227,597	1.04%	1.06%
Total expenses	19,192,084	21,556,782	100.00%	100.00%
Change in net assets	-63,983	611,711		
Net assets - July 1	19,749,958	19,138,247		
Net assets - June 30	<u>\$ 19,685,975</u>	<u>\$ 19,749,958</u>		
Expenses financed by general revenues:				
Total expenses	\$ 19,192,084	\$ 21,556,782		
Less charges for services	-694,924	-616,665		
Less operating grants and contributions	-4,948,308	-8,123,417		
Less capital grants and contributions	-267,904	-372,925		
	<u>\$ 13,280,948</u>	<u>\$ 12,443,775</u>	<u>69.20%</u>	<u>57.73%</u>

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

Capital assets

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, and infrastructure assets that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly longer period of time than other capital assets. The types of infrastructure assets recorded by the Town include but are not limited to bridges, improved town roads, unimproved town roads and additions and improvements thereto. The infrastructure assets of the Town are required to be reported in accordance with GAAP. The infrastructure assets shown below include the current and prior fiscal year expenses of the Town for improvements to roads within the Town recorded at their actual historical cost or estimated historical cost when the actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1L on page 23 and note 4 on page 27. The amount being shown for project in process represents the costs incurred to date on the approved high school addition and renovation project.

	Governmental Activities		Percentage of total	
	2009	2008	2009	2008
Land and improvements	\$ 4,365,884	\$ 4,365,884	13.48%	13.96%
Buildings and improvements	16,098,384	15,951,830	49.71%	51.00%
Vehicles	2,378,628	1,981,918	7.34%	6.34%
Equipment	339,210	305,660	1.05%	0.98%
Infrastructure	9,053,574	8,667,589	27.96%	27.72%
Project in process	146,218	-	0.46%	-
Total historical cost	32,381,898	31,272,881	100.00%	100.00%
Less accumulated depreciation	-12,609,859	-11,891,161		
Total capital assets (net)	<u>\$ 19,772,039</u>	<u>\$ 19,381,720</u>		

Debt administration

The debt of the town includes long-term bonds, notes and a capital lease payable in addition to accrued compensated absences (accumulated vacation and sick time) for both the Town departments and the Board of Education. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The comparison of the outstanding debt shown below indicates that the general make-up of the Town's different types of debt as a percentage of total debt was consistent for the current fiscal year in comparison to the prior fiscal year. The portion due within one year for bonds and notes payable decreased by approximately 6.06% as a result of the variations between payment schedules. The portion due after one year decreased by approximately 21.46% as a result of the annual payments made on the individual bonds and notes. In addition, the Town has a deferred amount which resulted from the advance refunding of long-term debt in a previous fiscal year. The original balance of this deferred amount was \$335,000 and is reduced or amortized by \$30,454 per fiscal year. The current year balance of this deferred amount is \$121,822 with the prior fiscal year amount being \$152,276. This deferred amount is subtracted from the outstanding principal balance of the Town's outstanding debt. More detailed information on the debt of the Town can be found in note 6 starting on page 28.

	Governmental Activities		Percentage of total	
	2009	2008	2009	2008
Bonds, notes, capital leases payable:				
Portion due within one year	\$ 803,487	\$ 757,546	21.97%	17.63%
Portion due after one year	2,653,200	3,378,178	72.54%	78.62%
Accrued compensated absences (school)	34,179	29,153	0.93%	0.68%
Accrued compensated absences (town)	166,787	131,941	4.56%	3.07%
Total debt	<u>\$ 3,657,653</u>	<u>\$ 4,296,818</u>	<u>100.00%</u>	<u>100.00%</u>

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance Sheet on page 12 and the Statement of Revenues, expenditures and changes in fund balances on page 14.

Financial highlights - Fund financial statements

- The total assets of the Town's governmental funds exceeded the total liabilities by \$3,079,978 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$3,401,206, an unfavorable decrease of \$321,228 or approximately 9.44%. This unfavorable decrease is due mostly to the net results of the capital projects fund whose actual expenditures exceeded its revenues during the current fiscal year. The net result within this fund was an unfavorable decrease of \$400,991. This unfavorable decrease in the capital projects fund was offset in part by a favorable increase in the capital reserve fund of \$71,685.
- The total revenues of the Town's governmental funds were \$19,471,522 for the current fiscal year in comparison to \$22,554,323 in the prior fiscal year which does not include \$78,509 of capital lease issuance proceeds in the current fiscal year. This represents a decrease of \$3,082,801 or approximately 13.67%. This is due in large part to a decrease in the State recorded on-behalf revenues in the amount of \$3,283,830. This decrease is due to the State decreasing its teachers retirement funding percentage from 74.00% last fiscal year to 15.44% for the current fiscal year. Additional information on this and the following item can be seen on budget to actual statement for the general fund on pages 16 and 17.
- The total expenditures of the Town's governmental funds were \$19,871,259 for the current fiscal year in comparison to \$22,879,375 in the prior fiscal year. This represents a decrease of \$3,008,116 or approximately 13.15%. This is due in large part to the State on-behalf revenues and in-turn expenditures described in the previous item.
- The net change in fund balance (excess of revenues over-under expenditures) for the Town's governmental funds was a negative (\$321,228) for the current fiscal year in comparison to a negative (\$325,052) in the prior fiscal year which does not include \$78,509 of capital lease issuance proceeds in the current fiscal year. This represents a favorable increase. This decrease is due mostly to the net results of the capital projects fund as described in the first bulleted item above.
- The net change in fund balance (excess of revenues over-under expenditures) for the Town's general fund was a negative (\$280,837) for the current fiscal year in comparison to a positive \$188,514 for the prior fiscal year. This represents an unfavorable decrease. Information on this current fiscal year negative change in fund balance can be found in the budget to actual statement for the general fund on pages 16 and 17. The actual revenues received in the Town's general fund were \$122,933 higher than the budget revenues for the current fiscal year. This is due in large part to property tax revenues being higher then budgeted by \$151,245 and State education revenues being higher then budgeted by \$34,652. The actual program expenditures in the Town's general fund were \$661,558 lower than the budgeted expenditures for the current fiscal year. This is due in large part to budgeted short-term borrowing repayments being \$250,010 lower than the budgeted, town insurance being \$65,088 lower then budgeted, town aid roads being \$102,420 lower then budgeted and refuse services being \$56,014 lower then budgeted.
- In the current fiscal year the Town budgeted to utilize \$637,763 of its general un-designated fund balance to offset current year expenditures. This amount includes a supplemental appropriation from un-designated fund balance in the amount of \$6,000 to offset an expected deficit in the unemployment compensation account. This in effect is the same as budgeting for a loss due to the fact that prior year accumulated balances cannot be shown as current year revenues. In the prior fiscal year the Town budgeted to utilize \$567,292 of its general un-designated fund balance in this manner. In addition, the Town has budgeted a revenue and expense in the amount of \$250,000 for the proceeds and repayment of short-term borrowing. No short-term borrowing occurred in either fiscal year.

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2009

Economic factors and next year's budgets and rates

The Town believes it has steadily maintained a sufficient unrestricted net asset and un-designated fund balance to sustain the governmental activities and operations for an estimated two month period of time. The Town sees this trend continuing through future fiscal years.

Contacting the Town's financial management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or need additional financial information, contact the Town Finance Department at 222 Bolton Center Road, Bolton, Connecticut 06043.

Town of Bolton, Connecticut

Statement of net assets

June 30, 2009

	Governmental activities
Assets	
Current assets:	
Cash	\$ 2,036,689
Investments	512,695
Property taxes receivable	245,803
Other accounts receivable	136,981
Current portion of long-term accounts receivable	319,462
Tax acquired property	-
Inventories	1,423
Prepaid items	-
Total current assets	<u>3,253,053</u>
Capital assets	
Land	4,365,884
Building and improvements	16,098,384
Vehicles	2,378,628
Equipment	339,210
Infrastructure	9,053,574
Project in process	146,218
	<u>32,381,898</u>
Less accumulated depreciation	<u>-12,609,859</u>
Total capital assets	<u>19,772,039</u>
Other assets	
Restricted cash	654,291
Long-term accounts receivable	647,881
Total other assets	<u>1,302,172</u>
Total Assets	<u><u>\$ 24,327,264</u></u>
Liabilities	
Accounts payable	\$ 208,397
Accrued payroll	82,120
Other liabilities	-
Deferred revenues	264,301
Long-term debt	
Portion due within one year	803,487
Portion due after one year	2,653,200
Accrued compensated absences	200,966
Other post-employment benefits liability	428,818
Total liabilities	<u>4,641,289</u>
Net assets	
Invested in capital assets, net of related debt	16,315,352
Restricted	1,051,060
Unrestricted	2,319,563
Total net assets	<u>19,685,975</u>
Total liabilities and net assets	<u><u>\$ 24,327,264</u></u>

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of activities
For the year ended June 30, 2009

	Expenses	Program Revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
Primary government:					
Governmental activities:					
General government	\$ -2,146,642	\$ 112,475	\$ 7,000	\$ -	\$ -2,027,167
Public works	-722,867	-	12,718	-	-710,149
Public safety	-440,744	3,329	43,745	-	-393,670
Building, planning and zoning	-134,559	64,354	4,000	-	-66,205
Community services	-515,961	95,598	2,106	-	-418,257
Sanitation and waste	-392,166	8,047	-	-	-384,119
Education	-13,440,609	411,121	3,862,401	-	-9,167,087
Education - on behalf	-903,549	-	903,549	-	-
Capital outlay	-118,248	-	112,789	267,904	262,445
Depreciation					
General infrastructure	-176,367	-	-	-	-176,367
Debt service					
Interest	-200,372	-	-	-	-200,372
	<u>\$ -19,192,084</u>	<u>\$ 694,924</u>	<u>\$ 4,948,308</u>	<u>\$ 267,904</u>	<u>-13,280,948</u>
General revenues:					
					12,696,038
Property tax revenues, interest, and liens					116,347
State property tax relief revenues					46,173
Other unclassified state revenues					186,219
Interest and dividends					172,188
Miscellaneous					13,216,965
Total general revenues					
Change in net assets					-63,983
Net assets - July 1					19,749,958
Net assets - June 30					<u>\$ 19,685,975</u>

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
 Balance sheet
 Governmental funds
 June 30, 2009

Assets	General fund	Capital projects fund	Capital reserve fund	Non-major governmental funds	Total governmental funds
Cash	\$ 1,500,682	\$ -	\$ -	\$ 1,190,298	\$ 2,690,980
Investments	512,695	-	-	-	512,695
Receivables (net of allowance)					
Property taxes	245,803	-	-	-	245,803
Intergovernmental	68,709	-	-	21,202	89,911
Other	37,570	-	-	9,500	47,070
Tax acquired property	-	-	-	-	-
Inventories	-	-	-	1,423	1,423
Prepaid items	-	-	-	-	-
Due from other funds	67,059	236,910	217,444	211,664	733,077
Total assets	\$ 2,432,518	\$ 236,910	\$ 217,444	\$ 1,434,087	\$ 4,320,959
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 139,615	\$ -	\$ -	\$ 68,782	\$ 208,397
Accrued payroll	72,557	-	-	9,563	82,120
Other liabilities	-	-	-	-	-
Deferred property tax revenues	215,198	-	-	-	215,198
Deferred other revenues	319	-	-	1,870	2,189
Due to other funds	666,018	-	-	67,059	733,077
Total liabilities	1,093,707	-	-	147,274	1,240,981
Fund balances:					
Reserved for:					
Prepaid items	-	-	-	-	-
Inventories	-	-	-	1,423	1,423
Encumbrances	11,000	-	-	-	11,000
Permanent funds principal	-	-	-	131,515	131,515
Unreserved:					
Designated	898,694	-	-	-	898,694
Un-designated					
Reported as general fund	429,117	-	-	-	429,117
Reported as special revenues	-	-	-	893,211	893,211
Reported as capital projects	-	236,910	217,444	-	454,354
Reported as permanent funds	-	-	-	260,664	260,664
Total fund balances	1,338,811	236,910	217,444	1,286,813	3,079,978
Total liabilities and fund balances	\$ 2,432,518	\$ 236,910	\$ 217,444	\$ 1,434,087	\$ 4,320,959

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Reconciliation of Statement C to Statement A
for all governmental funds and activities
June 30, 2009

Fund balances of governmental funds as shown on Statement C	\$	3,079,978
---	----	-----------

Amounts reported for governmental activities in the government-wide financial statements (Statement A) are different than the amounts reported in the fund financial statements (Statement C) and must therefore be modified as follows:

- | | | |
|---|-------------|------------|
| 1 Capital assets used in governmental activities are not financial resources and therefore are not reported on Statement C however they are reported on Statement A and therefore must be added back in: | | |
| Cost | 32,381,898 | |
| Less accumulated depreciation | -12,609,859 | 19,772,039 |
| 2 The majority of the property tax receivable long-term asset is not available to pay for current period expenditures and therefore it is reported as deferred revenue on Statement C however this amount is considered earned when billed and in turn recorded as revenue on Statement A and therefore must be added back in: | | 215,198 |
| 3 Certain state and federal grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in accordance with the modified accrual basis of accounting. In addition, Codification of Governmental Accounting and Financial Reporting Standards section 1600.114 states that in regard to the modified accrual basis of accounting, material revenues received prior to the normal time of receipt should be recorded as deferred revenue. The Town does defer all revenues that are received prior to their normal receipt period as deferred revenue. The government-wide financial statements do not record revenues until they have been earned and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out: | | -262,112 |
| 4 Inter fund receivable and payable balances between governmental funds are reported on Statement C but eliminated on the Statement A: | | |
| Inter fund receivables | 733,077 | |
| Inter fund payables | -733,077 | - |
| 5 Long-term and other certain liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and must therefore be subtracted out: | | |
| Other post-employment benefits liability | -428,818 | |
| Bonds, notes and capital leases payable | -3,578,509 | |
| Less: Deferred amount on refunding | 121,822 | |
| Accrued compensated balances | -200,966 | -4,086,471 |
| 6 Amounts expected to be received by the Town from the State for there share of certain long-term liability payments are recorded as revenue when received and when they become available and measurable however these amounts are recorded on Statement A in whole due to the fact that the amounts are viewed to have been earned and therefore they must be added back in: | | 916,720 |
| 7 Delinquent interest and lien fees are recorded as revenue when received and when they become available and measurable however these amounts are recorded on Statement A due to the fact that the amounts are viewed to have been earned and therefore they must be added back in: | | 50,623 |

Net assets of governmental activities as shown on Statement A	\$	19,685,975
---	----	------------

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of revenues, expenditures, and changes in fund balances
Governmental funds
For the year ended June 30, 2009

	General fund	Capital projects fund	Capital reserve fund	Non-major governmental funds	Total governmental funds
Revenues					
Property taxes, interest, and liens	\$ 12,697,498	\$ -	\$ -	\$ -	\$ 12,697,498
Intergovernmental - education	3,519,597	-	-	673,853	4,193,450
Intergovernmental - on behalf	903,549	-	-	-	903,549
Intergovernmental - tax relief	116,347	-	-	-	116,347
Intergovernmental - other	46,173	-	-	193,270	239,443
Education tuition	200,372	-	-	267,904	468,276
Charges for services and fees	165,674	-	-	320,831	486,505
Interest and dividends	160,242	6,029	-	19,948	186,219
Miscellaneous	124,618	-	-	55,617	180,235
Total revenues	17,934,070	6,029	-	1,531,423	19,471,522
Expenditures					
Current:					
General government	2,068,883	-	25,628	23,357	2,117,868
Public works	918,182	-	-	20,274	938,456
Public safety	327,754	-	-	13,389	341,143
Community services	369,904	-	-	113,864	483,768
Building, planning and zoning	130,317	-	-	5,453	135,770
Sanitation and waste	392,166	-	-	-	392,166
Education	11,772,010	1,250	-	903,331	12,676,591
Education - on behalf	903,549	-	-	-	903,549
Capital outlay	118,248	404,661	204,687	196,434	924,030
Debt service:		-			
Principal	788,000	-	-	-	788,000
Interest	169,918	-	-	-	169,918
Total expenditures	17,958,931	405,911	230,315	1,276,102	19,871,259
Excess of revenues over (under) expenditures	-24,861	-399,882	-230,315	255,321	-399,737
Other financing sources (uses)					
Proceeds from debt issuance	78,509	-	-	-	78,509
Operating transfers in	-	-	302,000	33,594	335,594
Operating transfers out	-334,485	-1,109	-	-	-335,594
Total other financing sources (uses)	-255,976	-1,109	302,000	33,594	78,509
Net change in fund balance	-280,837	-400,991	71,685	288,915	-321,228
Fund balance - July 1	1,619,648	637,901	145,759	997,898	3,401,206
Fund balance - June 30	\$ 1,338,811	\$ 236,910	\$ 217,444	\$ 1,286,813	\$ 3,079,978

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Reconciliation of Statement D to Statement B
for all governmental funds and activities
For the year ended June 30, 2009

Net changes in governmental fund balances as shown on Statement D		\$ -321,228
Amounts recorded for governmental activities in the government-wide financial statements (Statement B) are different then the amounts reported in the fund financial statements (Statement D) and therefore must be modified as follows:		
1 Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over there estimated useful lives in Statement B. The amount to be capitalized below is \$78,509 lower then the actual current fiscal year additions due to one capitalized item being purchased through the issuance of a capital lease. Therefore the following adjustments must be made:		
Current year capital asset purchases to be capitalized	1,037,441	
Current year depreciation expense on current and previous capital assets	<u>-725,631</u>	311,810
2 Property tax revenues are recognized on Statement D as described in note 1G of the notes to the financial statements however property tax revenues are recorded in the full amount of the annual levy in Statement B and therefore the current year adjustment described in note 1G must be added back in or subtracted back out:		23,728
3 The basis of presentation and revenue recognition is different from the government-wide financial statements shown on Statement B and the fund financial statements shown on Statement D. This difference in revenue recognition policies results in certain revenue amount being recorded in Statement B and deferred in Statement D.		
Prior year deferred revenue amounts to be recognized	256,527	
Current year revenue amounts to be deferred	<u>-262,112</u>	-5,585
4 Inter fund transfers between governmental funds are reported on Statement D but must be eliminated on Statement B:		
Operating transfers in	335,594	
Operating transfers out	<u>-335,594</u>	-
5 Payments on and changes in long-term and other certain liabilities are recorded as current year activities on Statement D however they are shown as a reduction in an already established liability account on in the government-wide financial statements and therefore must not be shown as current year activity:		
Other post-employment benefits liability	-428,818	
Bonds and notes payable	788,000	
Less: Deferred amounts on refunding	-30,454	
Accrued compensated balances	<u>-39,872</u>	288,856
6 Estimated accounts receivable for State long-term liability reimbursements and delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on the government-wide financial statements and therefore must not be shown as current year activity:		
Long-term account receivable from the State for long-term debt reimbursement		
Prior year recorded balance	-1,253,096	
Current year recorded balance	916,720	
Prior year recorded delinquent interest and lien receivable balance	-75,811	
Current year recorded delinquent interest and lien receivable balance	<u>50,623</u>	-361,564
Change in net assets of governmental activities as shown on Statement B		<u><u>\$ -63,983</u></u>

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of revenues, expenditures, and changes in fund balance
Budget and actual (Budgetary basis) - General fund
For the year ended June 30, 2009

	Original budget	Budget revisions	Final budget	Actual	Variance
Revenues					
Property tax revenues, interest and liens	\$ 12,546,253	\$ -	\$ 12,546,253	\$ 12,697,498	\$ 151,245
Intergovernmental - education	3,484,945	-	3,484,945	3,519,597	34,652
Intergovernmental - tax relief	117,032	-	117,032	116,347	-685
Intergovernmental - other	143,726	-	143,726	46,173	-97,553
Education tuition	109,062	-	109,062	200,372	91,310
Charges for services and fees	172,200	-	172,200	165,674	-6,526
Interest and dividends	190,000	-	190,000	160,242	-29,758
Miscellaneous	144,370	-	144,370	124,618	-19,752
Total revenues	16,907,588	-	16,907,588	17,030,521	122,933
Expenditures					
General government					
Board of selectmen	197,881	6,194	204,075	199,790	4,285
Board of finance	3,100	-	3,100	2,718	382
Town treasurer	155,997	600	156,597	151,908	4,689
Town clerk	90,314	275	90,589	87,786	2,803
Tax collector	74,036	-	74,036	70,540	3,496
Assessor	56,107	8,556	64,663	62,511	2,152
Elections	27,590	-	27,590	22,623	4,967
Town building operations	550,854	5,000	555,854	549,876	5,978
Professional and technical services	179,060	10,000	189,060	184,347	4,713
Auditing services	20,000	-	20,000	15,091	4,909
Data processing	75,165	-	75,165	74,702	463
Insurances	199,573	-	199,573	134,485	65,088
Employee benefits	398,554	-22,697	375,857	338,390	37,467
Payroll taxes	113,391	-	113,391	107,458	5,933
Unemployment compensation	4,000	6,000	10,000	8,642	1,358
Probate court	3,296	-	3,296	2,667	629
Public building commission	970	-	970	854	116
Contingency	20,000	-	20,000	-	20,000
	2,169,888	13,928	2,183,816	2,014,388	169,428
Public works					
Highway department	822,148	-	822,148	815,167	6,981
Street lights	25,132	-	25,132	21,254	3,878
Town aid roads	102,420	-	102,420	-	102,420
	949,700	-	949,700	836,421	113,279
Public safety					
Police protection	212,340	-	212,340	194,055	18,285
Fire commission	106,108	1,503	107,611	109,099	-1,488
Fire marshal	11,140	-	11,140	10,494	646
Canine services	7,640	-	7,640	7,440	200
	337,228	1,503	338,731	321,088	17,643
Community services					
Library	215,894	600	216,494	214,076	2,418
Senior citizens	130,426	-	130,426	128,956	1,470
Public health services	28,190	-	28,190	26,872	1,318
	374,510	600	375,110	369,904	5,206

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of revenues, expenditures, and changes in fund balance
Budget and actual (Budgetary basis) - General fund
For the year ended June 30, 2009

	Original budget	Budget revisions	Final budget	Actual	Variance
Building, planning and zoning					
Building and land use	\$ 136,872	\$ -	\$ 136,872	\$ 119,446	\$ 17,426
Planning and zoning commission	5,600	-	5,600	5,247	353
Inland wetlands commission	1,960	-	1,960	1,510	450
Zoning board of appeals	1,565	-	1,565	762	803
Economic development commission	2,000	-	2,000	1,083	917
Conservation commission	2,050	-	2,050	1,908	142
Open space	820	-	820	360	460
	<u>150,867</u>	<u>-</u>	<u>150,867</u>	<u>130,316</u>	<u>20,551</u>
Sanitation and waste					
Refuse services	458,211	-10,031	448,180	392,166	56,014
Education	<u>11,794,558</u>	<u>-</u>	<u>11,794,558</u>	<u>11,765,702</u>	<u>28,856</u>
Capital outlay	<u>11,500</u>	<u>-</u>	<u>11,500</u>	<u>11,405</u>	<u>95</u>
Debt service:					
Principal	1,038,000	-	1,038,010	788,000	250,010
Interest	170,404	-	170,394	169,918	476
	<u>1,208,404</u>	<u>-</u>	<u>1,208,404</u>	<u>957,918</u>	<u>250,486</u>
Total expenditures	<u>17,454,866</u>	<u>6,000</u>	<u>17,460,866</u>	<u>16,799,308</u>	<u>661,558</u>
Excess of revenues over (under) expenditures	<u>-547,278</u>	<u>-6,000</u>	<u>-553,278</u>	<u>231,213</u>	<u>784,491</u>
Other financing sources (uses)					
Proceeds from short term debt issuance	250,000	-	250,000	-	-250,000
Utilization of un-designated fund balance	631,763	6,000	637,763	-	-637,763
Operating transfers in	-	-	-	-	-
Operating transfers out	-334,485	-	-334,485	-334,485	-
Total other financing sources (uses)	<u>547,278</u>	<u>6,000</u>	<u>553,278</u>	<u>-334,485</u>	<u>-887,763</u>
Change in fund balance	-	-	-	-103,272	-103,272
Non-budgeted proceeds from debt issuance				78,509	
Non- budgeted debt issuance expenditures				-78,509	
Non-budgeted State on behalf revenue				903,549	
Non-budgeted State on behalf expenditure				-903,549	
Current year encumbrances				11,000	
Prior year encumbrances				-188,565	
Net change in fund balance				-280,837	
Fund Balance - July 1				<u>1,619,648</u>	
Fund Balance - June 30				<u><u>\$ 1,338,811</u></u>	

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of fiduciary assets and liabilities
Agency funds
June 30, 2009

Assets

Cash	\$ 390,587
Investments	-
Receivables (net of allowance)	
Due from other funds	-
	<hr/>
Total assets	\$ 390,587
	<hr/> <hr/>

Liabilities

Due to student groups	\$ 102,428
Rental escrow funds payable	10,999
Driveway escrow funds payable	277,160
	<hr/>
Total liabilities	\$ 390,587
	<hr/> <hr/>

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

The Town of Bolton, Connecticut was incorporated in 1720 under the General Statutes of the State of Connecticut and is located in Tolland County. The Town operates under a Board of Selectmen, Board of Finance and Town Meeting form of government as provided under the General Statutes of the State of Connecticut, and any adopted Town charter and ordinances. The chief elected officer is the First Selectman. The Town provides services as authorized by its charter including general administrative services, public works and highway services, public safety including fire and police protection, community services such as a library and senior services, building, planning and zoning services, health, recreation and sanitation services and education services.

Note 1 - Summary of significant accounting policies

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. The Town also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental activities at the government-wide financial reporting level, provided they do not conflict with or contradict GASB pronouncements. The basic financial statements of the Town consist of government-wide financial statements and individual fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately in Section B and C below. The other following sections represent a summary of the significant accounting policies as applied by the Town.

A. Reporting entity

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and 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 primary government consists of all the organizations that make up its legal entity. All funds, organizations, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. Other organizations for which the nature and significance of their relationship with the primary governments are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Generally, Government Accounting Standards Board (GASB) Statement No. 39, requires reporting as a component unit, an organization that raises and holds economic resources for the direct benefit of the primary government. Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should be discretely presented as component units. These criteria are: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, or (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. At this time, the town has determined that there are no legally separate organizations that should be considered a component unit of the Town.

B. Government-wide financial statements

1. Basis of presentation

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government and discretely presented component units (if present) as well as the governmental and business type (if present) activities of the Town. These statements do not include information about the fiduciary activities and funds of the Town or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Town in a trustee or agency capacity and which cannot be used to support the activities and programs of the Town. Different types of fiduciary activities and funds are pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and agency funds.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

The statement of net assets presents the financial position of the governmental and business type (if present) activities of the primary government of the Town and discretely presented component units (if present) at the end of the fiscal year. This statement reports the assets, liabilities, and net assets of the Town. The assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Town. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net asset balance of the Town consists of the invested in capital assets (net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets), restricted and unrestricted amounts. Restricted net assets are present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets balances not meeting the definition of invested in capital assets or restricted. Internal balances between individual funds within the governmental and business type activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as inter-fund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business type activities of the Town would be shown as an internal balance and disclosed separately.

The statement of activities presents the operations of the governmental and business type activities of the primary government of the Town and discretely presented component units (if present) of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All taxes are shown as general revenues regardless of whether they were levied for a specific purpose or function. The categories of individual functions correspond to the different departments and operations of the Town. Indirect expenses which benefit the Town as a whole are not required to be allocated amongst the other functions of the Town and therefore they are not allocated. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Internal transactions between individual funds within the governmental and business type activities are eliminated in this statement. These internal transactions are also known as operating transfers in and out and are shown in the fund financial statements as such.

2. Measurement focus and basis of accounting

The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting is used for both the governmental and business type (if present) activities of the primary government of the Town. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. Revenues, expenses, gains, losses, assets, and liabilities resulting from non exchange like transactions are recognized in accordance with a number of specific GASB Statement No.'s including but not limited to 24, 33, 34, and 36.

C. Fund financial statements

1. Basis of presentation

The fund financial statements of the Town consist of a balance sheet with a reconciliation to the government-wide statement of net assets, a statement of revenues, expenditures, and changes in fund balances with a reconciliation to the government-wide statement of activities, a budgetary comparison schedule for the general fund, and a statement of fiduciary net assets. These fund financial statements are designed to report additional and more detailed information about the primary government. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which record cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with any special regulations, restrictions, or limitations which may exist. The types of funds shown for the Town are governmental funds, and fiduciary funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all non-major funds being aggregated and reported in a single column.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental fund categories used by the Town include the general fund, special revenue funds, capital project funds, and permanent funds. The use and purpose of these individual governmental fund types are as follows.

- a. General fund - The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be reported in another fund.
- b. Special revenue funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other government or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditure for purposes normally financed from the general fund are accounted for through the general fund providing that any applicable legal requirements can be appropriately satisfied. The general fund of all blended component units would be reported as individual special revenue funds.
- c. Capital project funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or additions and the accumulation of funds for these purposes.
- d. Permanent funds - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs and which benefit its citizens.

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the programs of the Town. The fiduciary funds of the Town consist of agency funds. Agency funds are used to report resources held by the Town in a purely custodial capacity. Agency funds of the Town consist of the student activity accounts located at the Board of Education and performance and similar bonds which are held by the Town until certain requirements are fulfilled. The statement of fiduciary net assets shows information in regard to the assets and liabilities of the fiduciary funds of the Town.

The balance sheet is used to report information about the current financial resources (assets, liabilities, and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate. The fund balance amounts within the governmental funds is segregated between reserved and unreserved amounts. All reserved fund balances must be described in sufficient detail to disclose the purpose of the reservation. All unreserved fund balances are shown by the individual fund type in which they are a part of whether they are major or non-major funds. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net assets balance of the governmental activities of the Town as shown on the government-wide statement of net assets.

The statement of revenues, expenditures, and changes in fund balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and all non-major funds in the aggregate. Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments and operations of the Town. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to be completed to reconcile the total change in governmental fund balances to the total change in net assets balance of the governmental activities of the Town as shown on the government-wide statement of activities.

The budgetary comparison schedule is required to be presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. This schedule shows the original budget as voted on and appropriated, the changes made to each individual departmental item within the budget, and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers.

2. Measurement focus and basis of accounting

The balance sheet and the statement of revenues, expenditures, and changes in fund balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt are not recorded as assets or liabilities on the balance sheet of the Town.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting revenues are recognized when they become measurable and available as net current assets. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within the first sixty days after the end of the current fiscal year. Miscellaneous revenues are recorded when received because they are generally not measurable until actually received. Intergovernmental revenues, and interest income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Expenditures are generally recognized under this basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest which is recognized when due.

D. Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposit accounts as well as all highly liquid short-term investments with a maturity date within three months of the date acquired by the Town.

E. Investments

In accordance with GASB Statement No. 31, it is the Town's policy to value investments at their fair value as of the end of the fiscal year. Some of the types of investments authorized by the State of Connecticut include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, the State local government investment pool (STIF account), and repurchase agreements. The Town currently considers the funds held with the State of Connecticut Office of the State Treasurers Short Term Investment Fund as its only investment.

F. Receivables

All property tax, intergovernmental, and other receivables are reported net of any allowance for doubtful accounts (estimated to be zero). Fund financial statement accounts receivable balances include property tax principal amounts, intergovernmental amounts due on grant and other miscellaneous agreements, and tuition amounts due from other municipalities for education tuition. The current year ending property tax receivable balance is \$245,803. The current year intergovernmental receivable balance of \$89,911 is made up of \$21,202 of state and federal grant receivables and \$68,709 of education tuition due from municipalities. The other receivable balance of \$47,070 is made up of an accrued interest receivable on a certificate of deposit in the amount of \$31,441 and other miscellaneous amounts of \$15,629. Government-wide financial statements include all of the above mentioned receivable types in addition to accumulated delinquent interest and fees on the active property tax principal balances and planned State construction principal and interest reimbursements to be made to the Town. These State reimbursements are broken down between current amounts expected to be reimbursed within one year and long-term amounts expected to be reimbursed beyond one year. The current year delinquent interest receivable balance is \$50,623 and the State construction reimbursement receivable is \$916,720. The Town will book an unbilled receivable in situations when a grant or contract has been earned in part or in whole but which has not yet been fully received in cash for the amount earned.

G. Revenue recognition - property taxes

The Town's property tax for the current year was levied June 11, 2008 on the grand list as of October 1, 2007, for the real, motor vehicle and personal property located in the Town. Taxes were due on July 1, 2008. Interest on unpaid taxes commenced on August 1, 2008 at 18% per annum. As described earlier, in the fund financial statements property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue and therefore any adjustment made would need to be reversed.

H. Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are recorded as an expense when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as an expenditure when used. The cafeteria fund of the Town currently carries the only inventory balance of the Town. The current year balance of \$1,423 is made up of the value of USDA donated commodities on hand in the amount of \$406 and purchased inventory items on hand in the amount of \$1,017.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

I. Tax acquired property

Property which has been foreclosed on by the Town due to non-payment of taxes or other similar situations is classified as tax acquired property at the value of the original outstanding tax receivable amount. Interest and fees on the property are recorded at such time when the property is sold. The town currently does not have any tax acquired property.

J. Inter fund receivables and payables

Inter fund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to budgeted transfers which were not physically made but need to be recorded to keep track of the individual fund balances and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another fund. Expenditures for one fund paid for out of another fund are also included in these balances. The budgeted transfers referred to above are shown as operating transfers in and out on the statement of revenues, expenditures, and changes in fund balances. The balance of inter fund receivables and inter fund payables as shown on the balance sheet must equal. These inter fund balances have been eliminated in the government-wide statement of net assets and the statement of activities.

K. Prepaid items

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenses-expenditures using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the services are consumed. In accordance with GASB Statement No. 6, expenditures relatively minor in nature for insurances and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Town considers relatively minor in nature to include aggregated similar items not exceeding \$5,000. The Town currently does not have any prepaid items recorded in the accompanying statements.

L. Capital assets

Capital assets of the Town include land, land improvements, buildings, building improvements, vehicles equipment, infrastructure, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly longer period of time than other capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. All improvements to infrastructure and other capital assets are capitalized which add to the value or materially extend the life of the asset. All capital assets of the Town are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset but also capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. The Town maintains a capitalization threshold of \$5,000 for all equipment, \$10,000 for vehicles, \$25,000 for buildings and improvements. Land purchases are recorded regardless of amount. Donated capital assets are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the asset into its intended location and its intended use. Capital assets are only shown on the government-wide statement of net assets on page 10.

All individual capital assets of the Town are depreciated over their estimated useful life using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. The general estimated useful life for specific types of capital assets are 3 - 10 years for equipment and vehicles, 20 years for portable buildings, 40 years for buildings and building improvements, 50 years for roads and sidewalks and 100 years for sewer pipes. Land and other inexhaustible capital assets are not depreciated. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Depreciation expense on capital assets is only shown on the government-wide statement of activities and is added to the individual function or department as described above.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

M. Deferred revenue

On the government-wide financial statements, revenue amounts which have been received in cash but not yet earned are recorded as deferred revenue. The current year deferred revenue balance of \$264,301 on the government-wide financial statements is made up of unearned grant balances of \$262,112, prepaid taxes of \$319 relating to a jeopardy collection \$1,870 of miscellaneous items. On the fund financial statements, property taxes receivable not expected to be received within the first 60 days after the fiscal year end (i.e. not measurable and available) as well as property tax revenue which has been received in advance of the fiscal year to which they apply and other miscellaneous items are recorded as deferred revenue. The current year deferred revenue balance of \$217,387 is made up of deferred property tax revenue of \$215,198 and the other items described above. Codification of Governmental Accounting and Financial Reporting Standards section 1600.114 states that in regard to the modified accrual basis of accounting, material revenues received prior to the normal time of receipt should be recorded as deferred revenue.

N. Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teacher on-behalf payments made by the State which are not budgeted for) which is consistent with generally accepted accounting principles. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the line item level of each department within each general function of the Town. Any department, board or commission may transfer unexpended balances from one account to another within their total appropriation. Supplemental appropriations may also be made in accordance with section 9.6 of the Town Charter. The general procedures followed in establishing the budgetary data reflected in the financial statements are as follows. In addition, the following table shows the reconciliation of the budgetary basis to the GAAP basis of the Town for the current fiscal year.

- a. Early in the second half of the last fiscal year the Town's selectmen, departments, boards and commissions submitted budget requests for the year beginning July 1. These budgets are submitted to the Board of Selectmen by each individual department, board or commission. These budgets are then forwarded to the Board of Finance with recommendations. The Superintendent of schools submits its budget to the Board of Education. This budget is then forwarded to the Board of Finance by March 15th. The operating budgets include proposed expenditures and the means of financing them.
- b. Hearings are then held for the submitted budget requests by functions: (1) Selectmen's budget, (2) departments, (3) boards and commissions, (4) capital and nonrecurring requests and (5) Board of Education. The Board of Finance can then increase or decrease individual line items of departmental budgets with the exception of the Board of Education budget which can only be adjusted on the bottom line.
- c. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting had been given. The current year budget was approved and adopted by the Board of Finance at a special meeting on June 4, 2008. The budget was approved by the inhabitants of the town at a fourth budget referendum on June 10, 2008.

	Revenues and other financing sources	Expenditures and other financing uses	Net change in fund balance
GAAP basis - Statement C	\$ 18,012,579	\$ 18,293,416	\$ -280,837
Proceeds from capital lease issuance	-78,509	-78,509	-
State of Connecticut on-behalf benefits	-903,549	-903,549	-
Current fiscal year encumbrances	-	11,000	-11,000
Prior fiscal year encumbrances	-	-188,565	188,565
Budgetary basis - Statement D	<u>\$ 17,030,521</u>	<u>\$ 17,133,793</u>	<u>\$ 103,272</u>

O. Encumbrance accounting

Accounting standards generally accepted in the United States of America define an encumbrance in part as the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town of Bolton does utilize encumbrance accounting. Reservation of fund balance at June 30, 2009 was \$11,000 for the general fund as it relates to town departments, boards and commissions with the exception of the Board of Education whose reservation of fund balance for encumbrances was \$0.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

Q. Major funds - Fund financial statements only

The focus of the governmental funds of the Town is on the major funds. The general fund of the Town must always be shown as a major fund. In addition, other governmental funds are shown as major based on the following criteria.

- a. The total assets, liabilities, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 10% of the corresponding totals for all funds of the governmental or enterprise (if present) fund type and
- b. The total assets, liabilities, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 5% of the corresponding totals for all governmental and enterprise (if present) funds combined.
- c. Any other individual governmental or enterprise (if present) fund that the Town believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of the fund and the activities reported within the fund is as follows.

- d. Capital projects fund - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects. The capital assets purchased through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments.
- e. Capital reserve fund - This fund is used to account for capital and non-recurring type projects to be used by the town to plan, purchase and construct capital assets in addition to major renovations. The capital assets purchased through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments.

Note 2 - Cash and investments

A. Cash

Custodial credit risk - This is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. The Town's bank balances are categorized to give an indication of the level of credit risk (estimated FDIC coverage by ownership) of institutional failure (not market risk) assumed by the Town at year-end. The difference between the carrying amount and the bank balances is due to timing differences in relation to deposits in transit and outstanding checks written by the Town but not yet cleared by the bank. The three categories of credit risk are: 1) cash insured or collateralized with securities held by the Town or by its agent in the Town's name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities that are held by the pledging financial institution, or by its trust department or agent but not in the Town's name.

	Carrying Amount	Bank Balance	Category		
			#1	#2	#3
Cash balances	<u>\$ 3,081,567</u>	<u>\$ 3,676,502</u>	<u>\$ 1,805,594</u>	<u>\$ -</u>	<u>\$ 1,870,908</u>
	\$ 2,690,980	Balance sheet - cash			
	390,587	Statement of fiduciary net assets - cash			
	<u>\$ 3,081,567</u>				
	\$ 2,036,689	Statement of net assets - cash			
	654,291	Statement of net assets - restricted cash			
	<u>\$ 2,690,980</u>				

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. In addition, a financial institution for which the Town does a majority of its business is currently participating in the FDIC's Temporary Liquidity Guarantee Program which consists of the Transaction Account Guarantee program. This program provides the Town as a customer of this financial institution with unlimited FDIC coverage on all non-interest bearing transaction deposit accounts. This additional coverage runs through December 31, 2009.

B. Investments

The Town's investments are categorized to give an indication of the level of credit risk (estimated SIPC coverage) of institutional failure (not market risk) assumed by the Town at year-end. The three categories of credit risk are: 1) insured or registered investments or securities held by the Town or its agent in the Town's name, 2) uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Town's name, and 3) uninsured and unregistered investments with securities held by the counterparty or by its trust department or agent but not in the Town's name. The following balance has been put in category # 3 based on information obtained from the State of Connecticut Office of the State Treasurers Short Term Investment Fund annual report for the fiscal year ended June 30, 2008. Page 26 of this annual report states, "While STIF is managed diligently to protect against losses from credit and market changes, the fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be assured."

Investment type	Fair Value	Category		
		#1	#2	#3
STIF account	\$ 512,695	\$ -	\$ -	\$ 512,695
	\$ 512,695	Statement of net assets - investments		
	-	Statement of net assets - restricted investments		
	\$ 512,695			

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Credit Risk - The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. The types of investments authorized to be carried by the Town are in accordance with those authorized by the State of Connecticut. These investments include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, and repurchase agreements. The Town may vote to accept other types of investments than those authorized by the State in situations where they have been donated to the Town to benefit the Town. Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The State of Connecticut Office of the State Treasurers Short Term Investment Fund (STIF) account of which the Town is invested was rated as AAAM by Standard and Poor's.

Note 3 - Restricted cash - government-wide financial statements only

The Town breaks cash down between a regular current asset and an other asset restricted on the government-wide statement of net assets. The other assets restricted cash amount is made up of cash balances which are restricted for a specific purpose in subsequent fiscal years. The current year amount on the government-wide statement of net assets can be broken down as follows.

State, federal, and other grant program balances deferred	\$ 262,112
Principal balance of non-major permanent funds	392,179
	<u>\$ 654,291</u>

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 4 - Capital assets - government-wide financial statements only

	Balance 07/01/08	Additions	Retirements	Balance 06/30/09
Governmental activities:				
Land and improvements	\$ 4,365,884	\$ -	\$ -	\$ 4,365,884
Buildings and improvements	15,951,830	146,554	-	16,098,384
Vehicles	1,981,918	403,643	-6,933	2,378,628
Equipment	305,660	33,550	-	339,210
Infrastructure	8,667,589	385,985	-	9,053,574
Project in process	-	146,218	-	146,218
Total at historical cost	<u>31,272,881</u>	<u>1,115,950</u>	<u>-6,933</u>	<u>32,381,898</u>
Less accumulated depreciation for:				
Building and improvements	-7,039,162	-372,005	-	-7,411,167
Vehicles	-1,188,560	-139,675	6,933	-1,321,302
Equipment	-154,008	-37,584	-	-191,592
Infrastructure	-3,509,431	-176,367	-	-3,685,798
Total accumulated depreciation	<u>-11,891,161</u>	<u>-725,631</u>	<u>6,933</u>	<u>-12,609,859</u>
Total capital assets (net)	<u><u>\$ 19,381,720</u></u>	<u><u>\$ 390,319</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,772,039</u></u>

Depreciation expense by function or department:

General government	\$ 45,480
Public works	52,505
Public safety	99,601
Community services	14,627
Education	337,051
General infrastructure depreciation	176,367
	<u><u>\$ 725,631</u></u>

Fixed asset additions by function or department:

General government	\$ 17,421
Public works	279,261
Building, planning and zoning	5,000
Education	6,877
Capital outlay	807,391
	<u><u>\$ 1,115,950</u></u>

Note 5 - Net asset balances - invested in capital assets

The invested in capital assets, net of related debt net asset balance on the government-wide statement of net assets consisted of the following items as of June 30, 2009. The amount of each outstanding debt issuance which is related to the purchase of and capitalization of capital assets is being broken out below.

	Governmental activities
Recorded cost of capital assets	\$ 32,381,898
Less accumulated depreciation	-12,609,859
Book value of capital assets	<u>19,772,039</u>
Less: Capital assets related debt original \$5,895,000 bond	-1,570,000
Deferred amount relating to outstanding debt	121,822
Capital assets related debt original \$1,930,000 bond	-1,930,000
Capital assets related debt original \$ 78,509 capital lease	-78,509
Total invested in capital assets, net of related debt	<u><u>\$ 16,315,352</u></u>

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 6 - Long-term liabilities - government-wide financial statements only

Governmental activities:	Balance 07/1/08	Additions	Reductions	Balance 06/30/09	Amount due within one year
Outstanding payables:					
\$5,895,000 bond payable	\$ 2,200,000	\$ -	\$ -630,000	\$ 1,570,000	\$ 575,000
Less: Deferred amount on refunding	-152,276	-	30,454	-121,822	-30,454
\$1,930,000 bond payable	1,930,000	-	-	1,930,000	245,000
\$ 458,000 bond payable	158,000	-	-158,000	-	-
\$ 78,509 capital lease payable	-	78,509	-	78,509	13,941
Total outstanding payables	<u>4,135,724</u>	<u>78,509</u>	<u>-757,546</u>	<u>3,456,687</u>	<u>803,487</u>
Other liabilities:					
Accrued comp. absences (school)	29,153	5,026	-	34,179	
Accrued comp. absences (town)	131,941	34,846	-	166,787	
Total other liabilities	<u>161,094</u>	<u>39,872</u>	<u>-</u>	<u>200,966</u>	
Total long-term liabilities	<u>\$ 4,296,818</u>	<u>\$ 118,381</u>	<u>\$ -757,546</u>	<u>\$ 3,657,653</u>	<u>\$ 803,487</u>

The following is a summary of the terms, conditions, and ending balance as of June 30, 2009 of the outstanding long-term bonds and notes payable, and capital leases payable of the Town:

Bonds and notes payable

\$5,895,000 bond payable issued in November of 2002 to finance general purpose and school improvement items. Annual principal installments range from \$700,000 to \$245,000 through June of 2013. Interest ranges from 2.50% to 3.75%.	\$ 1,570,000
\$1,930,000 bond payable issued in June of 2007 to finance general purpose and school improvement items. Annual principal installments range from \$245,000 to \$235,000 starting in June of 2010 through June of 2017. Interest at 4.50%.	1,930,000
	<u>\$ 3,500,000</u>

The following is a summary of the total outstanding bonds and notes payable principal and interest requirements for the above referenced bonds and notes payable for the fiscal years ending June 30,:

	Principal	Interest	Total		Principal	Interest	Total
2010	\$ 820,000	\$ 141,856	\$ 961,856	2014	\$ 245,000	\$ 42,750	\$ 287,750
2011	750,000	111,569	861,569	2015	235,000	31,725	266,725
2012	490,000	82,869	572,869	2016	235,000	21,150	256,150
2013	490,000	62,963	552,963	2017	235,000	10,575	245,575
					<u>\$ 3,500,000</u>	<u>\$ 505,457</u>	<u>\$ 4,005,457</u>

The capital lease of the Town is for a New Holland 6020 tractor with an over the rail mower which was purchased in January of 2009. The tractor has been classified as a vehicle type capital asset on the government-wide statement of net assets. The gross amount of the tractor recorded as a capital asset is \$103,509. This amount is made up of the capital lease in the amount of \$78,509 and a down payment made by the town in the amount of \$25,000. No amortization (depreciation) was taken on this item as of June 30, 2009 due to the fact that the final payment was not made until mid June. The annual payments on this lease for the next five fiscal years is equal to \$93,062 or approximately \$18,612 per year. The amount of these payments representing interest is equal to \$14,553 leaving the net present value of future minimum lease payments equaling \$78,509.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 7 - Inter fund receivables, payables, and transfers - fund financial statements only

The Town maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. The purpose for inter fund balances is to keep track of each funds position in this cash pool. These balances are not expected to be repaid due to the fact that they simply represent funds collected or spent by one fund on behalf of another fund. The following information represents inter fund receivable and payables of the general fund shown by individual major fund and non-major fund groups in the aggregate:

	Receivable due from	Payable due to
General fund:		
Capital projects fund	\$ -	\$ 236,910
Capital reserve fund	-	217,444
Non-major special revenue funds	67,059	52,801
Non-major permanent funds	-	158,863
	<u>\$ 67,059</u>	<u>\$ 666,018</u>

Operating transfers in and out represent budgeted transfers which are not always physically made but need to be recorded to keep track of the individual fund balances and the transfers of income earned from one individual fund to another in accordance with the requirements of the individual funds. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The following information represents inter fund transfers of the general fund and other major funds by individual major fund and non-major fund groups in the aggregate. The general fund transfers represent budgeted amounts and the capital project fund transfer is to eliminate a deficit in the heritage farm preservation grant special revenue fund.

	Operating transfers in	Operating transfers out
General fund:		
Capital reserve fund	\$ -	\$ 302,000
Non-major special revenue funds	-	32,485
	<u>\$ -</u>	<u>\$ 334,485</u>
Capital projects fund:		
Non-major special revenue funds	\$ -	\$ 1,109

Note 8 - Deficit fund balances

In accordance with GAAP, all deficit fund balances and their nature must be disclosed. The following individual non-major funds had deficit fund balances as of June 30, 2009. These deficit fund balances represent an excess of expenditures over actual revenues, appropriations, and recorded receivables. The 07-09 Idea Part B grant had a deficit of \$12 which represented the recording of an accrued payroll amount at the end of the prior fiscal year. The current fiscal year expenditures should have been decreased by this amount. The 08-09 library connecticard grant had a deficit of \$17 which is expected to be funded in the upcoming fiscal year. The 08-10 Title IV grant had a deficit of \$789. This grant is a two year grant ending in the upcoming fiscal year and it would be anticipated that this current fiscal year deficit will be funded prior to the end of the grant period. The 07-08 open choice grant had a deficit of \$416 which will need to be transferred in the upcoming fiscal year. The ongoing school medicaid reimbursement account had a deficit of \$419. This is an ongoing account which incurs expenditures which are subject to reimbursement with medicaid dollars. Funds will either need to be requested in the upcoming fiscal year or a transfer will need to be made.

Note 9 - Designated fund balance

The management of the Town of Bolton, at the direction of the Board of Finance sets aside a portion of the Town's unreserved and un-designated fund balance to provide required resources to meet operating needs during a financial emergency and to allow for other unforeseen needs of an emergency nature. During the current fiscal year the Town took the ending designated fund balance amount as of June 30, 2008 which was \$823,755, added an amount for interest earned during the fiscal year on the prior year balance in the amount of \$24,939 and added an annual principal addition of \$50,000. This current year activity brings the designated fund balance amount as of June 30, 2009 to \$898,694.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 10 - Town employee benefit plans

The employees of the Town are covered under a Deferred Compensation Plan. The plan allows employees to defer a portion of their salaries through payroll deductions into the Plan and invest it, on a tax-deferred basis. The Plan is administered by Hartford Life Insurance and is authorized under Section 457 of the Internal Revenue Code. Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years.

Funds in the Deferred Compensation Plan are not subject to taxes until they are withdrawn from the Plan. At the time of withdrawal normal income taxes are due, but there is no IRS penalty, regardless of your age. Because of the tax-deferred status of the funds in the Deferred Compensation Plan, Federal law strictly limits access to these funds and under normal circumstances prohibits participants from withdrawing these funds while employed with the Town. Employers or employees through salary reductions are allowed to contribute up to the IRC 402(g) limit (\$15,500 in 2008 and \$16,500 in 2009) on behalf of participants under the plan. In addition to employee elective deferrals, the Town also contributes 10% of the wages of one employee, 8% of the wages of another employee, and 5% of the wages for the remaining covered employees. For the fiscal year ended June 30, 2009, approximately 23 employees participated in the plan. Total payroll for Town employees (excluding the Board of Education) was approximately \$1,472,955 of which approximately \$1,331,299, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2009, the Town contributed approximately \$58,202 to the plan on-behalf of the plan participants.

Note 11 - Board of Education non-certified employee benefit plans

The employees of the Board of Education are covered under a Simplified Employee Pension Plan and a Tax sheltered annuity plan. These plans cover non-certified personnel such as secretaries, custodians, instructional aides, and certain administrative staff.

Tax-Sheltered Annuity (TSA) arrangements are a form of defined contribution retirement plan available under Section 403(b) of the Internal Revenue Code. They are available to employees of Code Section 501(C)(3) tax-exempt organizations such as public colleges, universities and school systems. Subject to various limitations and restrictions, IRC §403(b) allows tax-deferred contributions to be made for the employees through salary reduction contributions of the employees. IRC §403(b) contributions must be invested in annuity contracts issued by life insurance companies or in shares of regulated investment companies (mutual funds) held in custodial accounts for the employee. Under the arrangement, a portion of the employee's compensation (determined by the employee within the limitations imposed by the Internal Revenue Code) is applied on a before-tax basis to an annuity contract or mutual fund shares owned by the employee. These amounts, together with any investment earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary) in the form of benefits, normally during retirement. The Board of Education contributes between 3.2% and 6% of the covered employees wages. For the fiscal year ended June 30, 2009, approximately 8 employees participated in the plan. Total payroll for all employees including those eligible for the plan and those covered by other plans was approximately \$8,042,541, of which approximately \$627,630, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2009, the Board of Education contributed \$33,934 to the plan on-behalf of the plan participants.

A simplified employee pension plan is an employer sponsored, tax-favored retirement plan. Unlike a traditional qualified plan, a SEP plan doesn't need an extensive written plan document and has minimal reporting and disclosure requirements for compliance. Any type of business entity (sole proprietorship, partnership or corporation), as well as certain tax-exempt organizations, can establish a SEP plan for its employees. Each eligible employee opens a SEP IRA account with an approved custodian and the employer makes contributions to those accounts on behalf of the employees. To be valid for any given tax year, the SEP plan document must be executed and the SEP IRA accounts established and funded by the due date of the employer's tax return, including extensions.

A SEP plan is funded by the employer and is 100% vested at all times. The SEP contribution limit is 25% of an individual employee's compensation or \$49,000 (\$46,000 for 2008) and is generally allocated on a straight salary ratio basis. Any employee who is at least 21 years old and has worked for the employer in any three of the preceding five years must have contributions made on his or her behalf, provided that in the year they become eligible, they earn in excess of the minimum indexed compensation amount (\$500 in 2008 and 2009). This includes part-time employees. The employer may set less restrictive age or service requirements, but the eligibility rules must be applied on a consistent basis to all employees. The Board of Education contributes between 5% and 13% of the covered employees wages. For the fiscal year ended June 30, 2009, approximately 43 employees participated in the plan. Total payroll for all employees including those eligible for the plan and those covered by other plans was approximately \$8,042,541, of which approximately \$1,324,424, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2009, the Board of Education contributed \$72,618 to the plan on-behalf of the plan participants.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 12 - Board of Education certified employee benefit plans

The Bolton Board of Education participates in the Connecticut Teacher's Retirement Fund through the State of Connecticut Retirement Commission, for coverage of all certified teachers. The certified faculty and administrative personnel of the Board participate in a contributory defined benefit plan established under Chapter 167a of the State of Connecticut General Statutes, which is administered by the Connecticut State Teacher's Retirement Board. All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. Teachers are fully vested in their contribution up to 5% of their earnings at all times. After five years of service the teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the defined benefit plan which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The Town is not required to contribute to this plan. The State of Connecticut's contribution to this plan is a payment on-behalf of the participating teachers. Information on this on-behalf payment can be found in note 13.

Note 13 - On-behalf payments

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement Board Contributions made by the State of Connecticut on-behalf of the Bolton School Department teachers for the fiscal year ended June 30, 2009. The pension contributions made by the State are determined on an actuarial reserve basis as described in sections 10-1831 and 10-183z, C.G.S. For the fiscal year ended June 30, 2009, the Bolton School Department's total covered payroll was approximately \$5,852,003 and the applicable on-behalf payment percentage for the period was 15.44%. This amount was not budgeted for in the general fund and results in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. An intergovernmental revenue in the amount of \$903,549 and an education expenditure of \$903,549 have been included in the general fund on Statement D (GAAP basis) and have not been reported in the detail of Statement E (budgetary basis) of the fund financial statements. There is no effect on the fund balance at the end of the year. An operating grants and contributions revenue in the amount of \$903,549 and an expense in the governmental activities section under a separate education function line item of \$903,549 have been included on Statement B of the government-wide financial statements. There is no effect on the net asset balance at the end of the year. The above State funding percentage of 15.44% compares to 74.00% during the prior fiscal year. The above State on-behalf payment of \$903,549 compares to \$4,187,379 during the prior fiscal year.

Note 14 - Accrued compensated absences

Employees of the Town and the Board of Education are allowed to earn paid absences for vacations and/or sick time. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. Town accumulated balances are paid when an employee leaves. Therefore, the probability of these benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net assets. School accumulated vacation balances are also paid when employees leave. However, school accumulated sick balances are only paid when an employee retires. Therefore, the probability of these school accumulated vacation benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net assets. The probability of school accumulated sick benefits being paid cannot be determined and therefore no liability for these benefits has been recorded. As of June 30, 2009, school accumulated sick balances totaled approximately \$131,654 which is approximately a 8% reduction from the prior fiscal year amount. A current portion of these liabilities has not been estimated due to the fact that these benefits (accumulated sick and vacation time) may be used by the employees during the course of the fiscal year or they may be paid out upon retirement or termination. An estimate could be made based on prior year activity but the Town believes there are too many variables which could render this estimate useless.

Note 15 - Risk management

The Town is at risk of loss due to items such as lawsuits, automobile claims, and theft. The Town has purchased commercial insurance coverage for any of these types of loss which may occur. The Town believes the amounts of coverage in force are adequate and in compliance with all applicable laws, rules, and regulations. The Town is a member in the Connecticut Inter-local Risk Management Agency (CIRMA), a public entity risk management program pursuant to the provisions of Section 7-479a of the Connecticut General Statutes for workers compensation pool coverage. The Town pays annual premiums for its coverage. CIRMA is designed to be self-sustaining through member premium's, however it does reinsure for each claim occurrence in excess of \$1,000,000. Members may be subject to supplemental assessments in the event of fund deficiencies, however, these potential supplemental assessments are limited pursuant to its by-laws. The Town has not had any significant reductions in insurance coverage from the prior fiscal year by major category of risk. The amount of settlements have not exceeded insurance coverage during any of the previous three fiscal years. Town management and legal counsel are unaware of any litigation, pending litigation, claims or disputes that would have a direct and material affect on the Town's financial position.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 16 - Commitments and contingencies

The Town participates in numerous Federal and State grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any monies received as of and through June 30, 2009 may be impaired. In the opinion of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned grant or contract dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants or contracts could result in a loss to the Town. However, in the opinion of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable. Any material subsequent modifications or amendments would be shown by the Town as a restatement of the prior fiscal year results in which the applicable unbilled receivable had been booked.

The carrying amount of the Town's cash balances as of June 30, 2009 totaled \$3,081,567 with the related balances being carried by the various financial institutions totaling \$3,676,502. The difference between the two amounts being represented by timing differences with outstanding checks and deposits in transit. The deposits of the Town are insured by the various financial institutions through the Federal Deposit Insurance Corporation (FDIC). FDIC provides insurance on the Town's deposits in the amount of \$100,000 for its cumulative accounts at each of the various financial institutions. This coverage is based on the ownership type of the specific accounts. For the purposes of this disclosure, the cash balances of the Town have been segregated into one ownership group being the Town. It is conceivable that the individual financial institution could determine that the deposits of the Town should be divided into more ownership groups. Therefore, the information contained in this disclosure and in note 2 is based on the above mentioned ownership group only. An increase could effect the amount of Town cash balances that are considered to be insured. In addition, a financial institution for which the Town does a majority of its business is currently participating in the FDIC's Temporary Liquidity Guarantee Program which consists of the Transaction Account Guarantee program. This program provides the Town as a customer of this financial institution with unlimited FDIC coverage on all non-interest bearing transaction deposit accounts. This additional coverage runs through December 31, 2009. Due to the use of two main financial institutions for the majority of the Town's cash, the cumulative amounts at these financial institutions exceeded the amount covered by FDIC. As a result, these excess balances represent uninsured cash balances and risks to the Town in the event of failure by these financial institutions. Though the failure of these financial institutions is unlikely, the risk to the Town is material. As of June 30, 2009, approximately \$1,870,908 of these financial institution balances were uninsured representing approximately 51% of the Town's total cash balances being carried by banks.

During April of 2003, an enacting ordinance was adopted by the Towns of Bolton and Vernon creating the Bolton Lakes Regional Water Pollution Control Authority. This entity was established for the purpose of constructing and operating a regional sewage system that would benefit the two municipalities. In connection with this enacting ordinance, the two Towns entered into a financing agreement during 2005 whereby each would guarantee its proportionate shares of debt service costs on bonding secured for the systems construction. As of June 30, 2009, no permanent long-term bonding has been issued in connection with this project.

The Town and more specifically the school department of the Town lease a number of photocopiers under leases which are classified operating leases. For these leases to be classified as capital leases they must meet at least one of the following four criteria: 1) The lease passes title to the lessee by the end of the lease term, 2) the lease contains a bargain purchase option, 3) the lease term is at least 75% of the property's estimated economic life, or 4) the present value of the minimum lease payments is at least 90% of the property's fair value. According to the terms of the lease agreements, the first and second criteria is not met. For criteria three and four, the estimate made is that at the end of the lease term the copiers will be refurbished by the lessor and leased in another capacity and payment amount to another lessee. The school copier lease which is classified as an operating lease encompasses a number of copiers in a number of locations. This lease agreement runs from July 2006 through June 2011. Quarterly payments under this lease agreement are \$5,095 which equals annual payments of \$20,380.

The Town and the Board of Education have entered into a joint agreement with the Capital Regional Education Council for computer system maintenance and technical services. An original three year agreement for these services was entered into and ran from July 1, 2005 through June 30, 2008. This agreement has been extended for a two year period from July 1, 2008 through June 30, 2010. The annual fee for these services is \$103,200 and 107,400 respectively. The Board of Education has entered into a bus transportation agreement with Laidlaw Transit for the purpose of providing transportation services for the school children of the Town of Bolton in compliance with local policies and legal requirements. This agreement runs from July 1, 2006 through June 30, 2011. Payment terms are based on specific daily and hourly rates for regular route hours and trips and non-route hours and trips. The Town has entered into a power purchase agreement with Transcanada Power Marketing Ltd. to purchase electrical supply. This agreement runs from January 1, 2007 through December 31, 2009. Payment terms are based on usage and per usage unit fees.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Note 17 - Internal Revenue Code

Internal Revenue Code § 409A imposes specific requirements applicable to nonqualified deferred compensation plans. If a plan does not meet those requirements, the plan participants are required to immediately include amounts deferred under the plan in income and pay additional taxes on this income. Final regulations under § 409A were issued for application to taxable years beginning on or after January 1, 2008. The final regulations generally require that the material terms of a nonqualified deferred compensation plan be in writing, with several other specific requirements. The Internal Revenue Service recently issued Notice 2007-78 to provide transition relief and additional guidance on the application of Code §§ 409A to nonqualified deferred compensation plans. The deadline to adopt documents that comply with §§ 409A, subject to limited requirements regarding the timely written designation of a time and form of payment has been extended to December 31, 2008. The Town feels it is in compliance with this new regulation.

Note 18 - Restatements and reclassification

An adjustment was made to the beginning net assets balance of the non-major permanent funds as of June 30, 2008. The amount of this adjustment was an increase of \$230,929 and the purpose was to add two permanent trust funds into the financial statements that were not included in the prior fiscal year. The first permanent trust fund is the Krutainis and Lacis trust which is made up of three individual savings accounts being held at the high school. The second permanent trust fund is the Erna Loomis trust which made up of one savings account being held at the high school. The existence of the four cash accounts was not disclosed during the prior fiscal year audit and were not included in any previous audit reports that could be found. The current amount being shown as reserved for the Krutainis and Lacis trust will need to be adjusted in the subsequent fiscal year once more information has been obtained. The current amount simply represents one half of the interest earned over the past five fiscal years as opposed to the initial reserved amount and subsequent interest earned. In addition, an adjustment was made to the beginning net assets balance of the non-major special revenue funds as of June 30, 2008. The amount of this adjustment was an increase of \$23,636 and the purpose was to reclassify two funds previously classified as private purpose trust funds to be classified as special revenue funds. These two funds were the economic development fund and the Bentley memorial library fund.

The above adjustments were made on the fund financial statements with corresponding adjustments being done on the government-wide financial statements. The adjustment made to the beginning net asset balance for the government-wide financial statements was made as of June 30, 2007 and increased the net asset balance from \$18,892,021 to \$19,138,247. In addition, the revenues and expenses shown in the management discussion and analysis section on page 6 were adjusted for the fiscal year ended June 30, 2008. Interest and dividends were increased from \$372,594 to \$380,117. Miscellaneous revenues were increased from \$205,051 to \$212,985. Community services expenses were increased from \$491,853 to \$495,520. Education expenses were increased from \$12,459,588 to \$12,463,039. These adjustments to the individual revenue and expense accounts increased the change in net assets amount from \$603,372 to \$611,711. In addition, the beginning government wide net assets balance was adjusted down by \$1 for rounding.

Note 19 - Other Post Employment Benefits - OPEB

Government accounting standards board (GASB) Statement No.'s 43 and 45 relate to the accounting and reporting for post employment benefits other than pension benefits. The Town is required to implement this standard for the fiscal year ending after December 15, 2007 which would be the fiscal year beginning July 1, 2008. The objective of Statement No. 43 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to establish uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans (OPEB plans). OPEB plans are plans that provide postemployment healthcare benefits, either separately or through a defined benefit pension plan. The most common forms of healthcare benefits are medical, dental and vision. Other examples of benefits which are covered by this statement include life insurance, disability and long-term care benefits only when they are provided separately from a defined benefit pension plan. Paragraph 9 of this statement tells us that OPEB arise from an exchange of salaries and benefits for employee services, and it is part of the compensation that employers offer for services received.

The Board of Education does provide a benefit to its employees upon retirement in the form of the ability to be part of the health insurance plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Schools. Under this Statement, this type of benefit is referred to as an implicit rate subsidy. An implicit rate subsidy exists in effect when a health insurance premium rate is made up of age adjusted factors covering active and retired employees. The health insurance premiums which would be charged to a group of solely retirees are most likely larger than those which would be charged to a group of solely active employees. When these two groups are merged together, a rate somewhere in the middle is charged to all of the employees, whether active or retired. The difference between the premium costs paid by the employer and what would have been paid if the rates were not blended is considered a non current cost of the employer. The difference between the premium costs paid by the retiree and what would have been paid if the rates were not blended is considered a benefit to the retiree. Hence, a very simplified description of an implicit rate subsidy. The Town does not provide this benefit to retirees.

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Plan description

The Board of Education of the Town maintains a single employer defined benefit OPEB plan. This plan provides a benefit for retired teachers and administrators in the form of the ability to maintain health insurance coverage through the plan available to active teachers and administrators of the Board of Education. There are currently no eligibility requirements for members of these groups and the provisions of the plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The plan therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree once they are a part of the plan. In addition, benefits for a retiree's spouse will also continue for the life of the spouse once they are a part of the plan. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive. This OPEB plan does not issue stand-alone financial statements.

Funding policy and annual OPEB cost

The provisions of the plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Board of Education does not contribute directly to this plan but rather contributes in the form of an implicit rate subsidy as described in paragraph two above. Retirees under this plan are required to pay the full amount of the health insurance premiums that are applicable to their particular coverage option. The retiree portion is, however, reduced by an amount contributed by the State of Connecticut Retirement Board. The current amount contributed by the State for each retiree is \$110 per month for a single coverage plan and \$220 per month for a dual coverage plan. The State can modify the amount contributed at any time in accordance with applicable State statutes.

GASB Statement No. 45 does not mandate that a postemployment benefit liability be pre-funded by an organization it simply mandates that the liability be recorded and that certain related information be disclosed. The Board of Education of the Town currently plans to fund these benefits on a pay-as-you-go basis. As a result, no assets of the Town have been segregated and restricted to fund or provide these postemployment benefits. The annual required contribution (ARC), which is an actuarial determined rate, represents a level amount of funding, which if paid on an ongoing basis, would be projected to cover the normal cost each year and to amortize the unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the Town in relation to the Board of Education OPEB plan for the current fiscal year and the annual required contribution.

Normal cost	\$ 209,397
Interest on normal cost	7,329
Amortization of unfunded	204,920
Interest on amortization	7,172
Annual required contribution (ARC)	<u>\$ 428,818</u>

Funding status

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as it relates to the OPEB plan of the Board of Education of the Town for the fiscal year ending June 30, 2009 are as follows.

Annual required contribution (ARC)	\$ 428,818
Actual contribution	\$ 0
Percent contributed	0.00%
Actuarial accrued liability	\$ 4,208,602
Plan assets	-
Unfunded actuarial accrued liability	<u>\$ 4,208,602</u>

Town of Bolton, Connecticut
Notes to Financial Statements
June 30, 2009

Actuarial methods and assumptions

The projections of benefits associated with the plan are based on the substantive plan (this is the plan as it is understood by the employer and the plan members) and include the types of benefits available at the valuation date and the pattern of sharing the cost of these benefits between the Board of Education of the Town and the members of the plan. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions made in making the applicable actuarial calculations are as follows.

Actuarial valuation date	06/30/09
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions	
Investment rate of return	3.50%
Projected salary increases	N/A
Healthcare inflation rate	3.00%

Schedule of funding progress

Actuarial valuations involve a number of estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions based on actual results as compared to past expectations and new estimates based on expected future events and conditions. The required schedule of funding progress presented below as required supplementary information provides multi-year trend information (only one year is currently available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Bolton Board of Education - Retiree healthcare plan

Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (a - b)	Funded ratio (a / b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a) / c)
06/30/09	\$ -	\$ 4,208,602	\$ 4,208,602	0.00%	N/A	N/A

APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Bolton
Bolton, Connecticut

We have represented the Town of Bolton, Connecticut as Bond Counsel in connection with the issuance by the Town of \$9,000,000 General Obligation Bonds, Issue of 2010, dated as of August 1, 2010.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Bolton is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate pursuant to Section 12-97 of the General Statutes of Connecticut, Revision of 1958, as amended, and dwelling houses of qualified elderly people of low income taxable at limited amounts pursuant to Section 12-129b of said General Statutes or Public Act No. 06-176.

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

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

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) interest on the Bonds is not treated

as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; and (3) the Bonds are “qualified tax-exempt obligations” for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The Code also provides that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation’s alternative minimum tax. The interest on certain tax-exempt bonds issued in calendar years 2009 and 2010 is excluded from treatment as a preference item for purposes of the Federal alternative minimum tax and from being taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations. The Town’s Tax Compliance Agreement will contain certain representations to ensure that interest on the Bonds is not treated as a preference item for individuals or corporations or included in the calculation of adjusted current earnings for corporations in calculating alternative minimum taxable income.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations”. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be “qualified tax-exempt obligations” for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral Federal income tax consequences to certain taxpayers, including without

limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

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

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

GENERAL.

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

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

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for each series of Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to such Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement.

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of August 12, 2010, is executed and delivered by the Town of Bolton, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means Catherine H. Peterson, Treasurer, or his or her designee or successor, or such other person as the Issuer shall designate in writing to the Disclosure

Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event notices, and the Voluntary Reports.

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the \$9,000,000 General Obligation Bonds, as listed on Appendix A.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Issuer pursuant to Section 7.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than eight months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2010. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(12) shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) determine the address of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each disclosure to be made with the MSRB, together with a completed copy of the Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:

1. "Principal and interest payment delinquencies," pursuant to Sections 4(c) and 4(a)(1);
2. "Non-Payment related defaults," pursuant to Sections 4(c) and 4(a)(2);
3. "Unscheduled draws on debt service reserves reflecting financial difficulties," pursuant to Sections 4(c) and 4(a)(3);
4. "Unscheduled draws on credit enhancements reflecting financial difficulties," pursuant to Sections 4(c) and 4(a)(4);
5. "Substitution of credit or liquidity providers, or their failure to perform," pursuant to Sections 4(c) and 4(a)(5);
6. "Adverse tax opinions or events affecting the tax-exempt status of the security," pursuant to Sections 4(c) and 4(a)(6);
7. "Modifications to rights of securities holders," pursuant to Sections 4(c) and 4(a)(7);
8. "Bond calls," pursuant to Sections 4(c) and 4(a)(8);
9. "Defeasances," pursuant to Sections 4(c) and 4(a)(9);
10. "Release, substitution, or sale of property securing repayment of the securities," pursuant to Sections 4(c) and 4(a)(10);
11. "Ratings changes," pursuant to Sections 4(c) and 4(a)(11);
12. "Failure to provide annual financial information as required," pursuant to Section 2(b)(ii) or Section 2(c), together with a completed copy of Exhibit B to this Disclosure Agreement;
13. "Other material event notice (specify)," pursuant to Section 7 of this Agreement, together with the summary description provided by the Disclosure Representative.

(v) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following information to the extent not included in the Audited Financial Statements:

- (A) amounts of the taxable grand list of the Issuer applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list of the Issuer, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy of the Issuer collected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness of the Issuer as of the close of the fiscal year,
- (E) calculation of total overall debt and total overall net debt of the Issuer, as of the close of the fiscal year,
- (F) total overall debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total overall debt and total overall net debt of the Issuer to the applicable taxable grand list,
- (H) statement of statutory debt limitation of the Issuer as of the close of the fiscal year, and
- (I) funding status of the Issuer pension benefit obligations.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

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

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes on the Bonds; and
12. Failure to provide annual financial information as required.

The Issuer shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 e (iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 7(a), the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges

and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. The Issuer may instruct the Disclosure Dissemination Agent to file information with the MSRB, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a "Voluntary Report").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer

and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Disclosure Dissemination Agent.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Connecticut (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: _____

Name: _____

Title: _____

TOWN OF BOLTON, as Issuer

By: _____

Robert R. Morra
First Selectman

By: _____

Catherine H. Peterson
Treasurer

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Town of Bolton, Connecticut
Obligated Person(s):	N/ A
Name of Bond Issue:	\$9,000,000 General Obligation Bonds, Issue of 2010
Date of Issuance:	August 12, 2010
Date of Official Statement	July 29, 2010

CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***
CUSIP Number:	097707***CUSIP No***

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Town of Bolton, Connecticut

Obligated Person(s) N/A

Name of Bond Issue: \$9,000,000 General Obligation Bonds, Issue of 2010

Date of Issuance: August 12, 2010

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement, dated as of August 12, 2010, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: Issuer
Obligated Person

EXHIBIT C
EVENT NOTICE COVER SHEET

This cover sheet and material event notice will be sent to the MSRB pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: Town of Bolton, Connecticut

Issuer's Six-Digit CUSIP Number: 097707

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates: 097707***

Number of pages of attached material event notice:

Description of Material Events Notice (Check One):

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-Payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ☐ Modifications to rights of securities holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes
12. ☐ Other material event notice (specify)

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

APPENDIX D - NOTICE OF SALE AND PROPOSAL FOR BONDS

NOTICE OF SALE
\$9,000,000
Town of Bolton, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Bolton, Connecticut at Webster Bank, National Association, 3rd Floor Conference Room, CityPlace II, 185 Asylum Street, Hartford, Connecticut, until **11:30 A.M. (Eastern Daylight Time) on THURSDAY,**

JULY 29, 2010

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

\$9,000,000 General Obligation Bonds, Issue of 2010
Payable annually on August 1 as follows:

\$300,000 in 2011*
\$310,000 in 2012*
\$325,000 in 2013*
\$340,000 in 2014*
\$350,000 in 2015*
\$365,000 in 2016*
\$380,000 in 2017*
\$395,000 in 2018*
\$415,000 in 2019*
\$430,000 in 2020*
\$450,000 in 2021*
\$465,000 in 2022*
\$485,000 in 2023*
\$505,000 in 2024*
\$525,000 in 2025*
\$545,000 in 2026*
\$570,000 in 2027*
\$590,000 in 2028*
\$615,000 in 2029*
\$640,000 in 2030*

***Subject to change. See "Principal Amount Changes" below.**

The Bonds will be dated August 1, 2010, with interest payable on February 1, 2011 and thereafter semiannually on each August 1st and February 1st.

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

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name

of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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

Redemption. Bonds maturing after August 1, 2020 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2020, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption prices, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2020 and thereafter	100%

Principal Amount Changes. The principal amount of each maturity of the Bonds is subject to increase or decrease, in increments of \$5,000, after the receipt of bids. Changes to the maturity amounts will be communicated to the successful bidder not later than 3:30 P.M. (Eastern Daylight Time) on the bid date, will be made only as necessary to substantially equalize the aggregate amount of principal and interest due on the Bonds in each annual period commencing with the annual period ending August 1, 2011, and will not change the aggregate principal amount of the Bonds. The successful bidder may not withdraw its bid as a result of any changes made within these limits. All bids shall remain firm for four (4) hours after the time specified for the opening of the bids, and any award of the Bonds will be made by the Town within such period of time.

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

Sealed Proposals Bidding Procedure. All proposals for the purchase of Bonds shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Bolton Bonds." All proposals should be addressed to Mr. Robert R. Morra, First Selectman, Town of Bolton, c/o Webster

Bank, National Association, 3rd Floor Conference Room, CityPlace II, 185 Asylum Street, Hartford, Connecticut 06103-3494.

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

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

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

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town 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 1, 2010, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; and the Bonds are “qualified tax-exempt obligations”; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Official Statement. The Town of Bolton has prepared a preliminary Official Statement for the Bond issue which is dated July 22, 2010. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 75 copies of the Official Statement as prepared by the Town at the Town’s expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town’s financial advisor, Webster Bank, National Association, Hartford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town’s financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the “Continuing Disclosure Agreement for Bonds”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified

in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

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

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

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about August 12, 2010 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Ms. Christine R. Caruolo, Webster Bank, National Association, 3rd Floor, CityPlace II, 185 Asylum Street, Government Finance, Hartford, Connecticut 06103-3494 (telephone: (860) 692-1711) or from Mr. Jerry McCall, Finance Director, Town of Bolton, Town Hall, 222 Bolton Center Road, Bolton, Connecticut 06043 (telephone: (860) 649-7780).

ROBERT R. MORRA,
First Selectman

CATHERINE H. PETERSON,
Treasurer

July 22, 2010

PROPOSAL FOR BONDS

July 29, 2010

Mr. Robert R. Morra
First Selectman
Town of Bolton
c/o Webster Bank, National Association
3rd Floor Conference Room
CityPlace II
185 Asylum Street
Hartford, Connecticut 06103-3494

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated July 22, 2010 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$9,000,000 General Obligation Bonds, Issue of 2010, of the Town of Bolton described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2011	\$300,000*	____%	2021	\$450,000*	____%
2012	\$310,000*	____%	2022	\$465,000*	____%
2013	\$325,000*	____%	2023	\$485,000*	____%
2014	\$340,000*	____%	2024	\$505,000*	____%
2015	\$350,000*	____%	2025	\$525,000*	____%
2016	\$365,000*	____%	2026	\$545,000*	____%
2017	\$380,000*	____%	2027	\$570,000*	____%
2018	\$395,000*	____%	2028	\$590,000*	____%
2019	\$415,000*	____%	2029	\$615,000*	____%
2020	\$430,000*	____%	2030	\$640,000*	____%

** We acknowledge that the Town shall increase or decrease the principal amount of any or all maturities of the Bonds, in increments of \$5,000, as necessary to substantially equalize the aggregate amount of principal and interest due on the Bonds in each annual period commencing with the annual period ending on August 1, 2011, as provided in the Notice of Sale, provided that the aggregate principal amount of the Bonds shall not change.*

We acknowledge receipt of the Official Statement referred to in the Notice of Sale.

Name of Bidder: _____

Address of Bidder: _____

Signature of Officer or
Authorized Agent of Bidder: _____

Telephone Number: _____

The following is our computation of the percentage of true interest cost, made as provided in the above mentioned Notice of Sale, and certain other information, which is not part of the foregoing proposal.

Percent of True Interest Cost _____ %
(four decimals)

Gross Interest \$ _____

Accrued Interest from August 1, 2010
to August 12, 2010 \$ _____

Premium \$ _____