



August 11, 2010

TO ALL BIDDERS

TOWN OF GUILFORD, CONNECTICUT

\$18,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2010

(BANK QUALIFIED)

BOOK-ENTRY-ONLY

DATED: AUGUST 15, 2010 DUE: AUGUST 15, 2012-2030

Enclosed is the Town of Guilford, Connecticut's **Notice of Sale** that allows for sealed bids and/or electronic bids via *PARITY®* for the Bonds. Per the official Notice of Sale, bids for the Bonds will be received by on behalf of the Town at the Office of the First Selectman, 2nd Floor Conference Room, 31 Park Street, Guilford, Connecticut 06437, until 11:00 A.M. (E.D.T.), on **WEDNESDAY**,

AUGUST 18, 2010

If we may be of service in submitting your bid, please note that a representative of *IBIC LLC* will be available until 10:55 A.M. (E.D.T.) on the day of the sale.

The telephone numbers are (Guilford): (203) 453-8023
(203) 453-8027

We trust we may be of service.

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

129 Samson Rock Drive, Suite A, Madison, CT 06443 Phone 203.245.8715 Fax 203.245.7763 Email muniibic@aol.com

OFFICIAL STATEMENT

NEW ISSUE – Book Entry Only

MOODY'S RATING:
FITCH RATINGS:
(See "Ratings" herein)

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.)

TOWN OF GUILFORD, CONNECTICUT

\$18,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2010 (BANK QUALIFIED)

Dated: August 15, 2010

Due: August 15, 2012-2030

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

Interest on the Bonds will be payable on August 15, 2011 and semiannually thereafter on February 15 and August 15 in each year until maturity. 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-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

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

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

The Bonds are being offered for sale in accordance with an official Notice of Sale dated August 11, 2010. Sealed bids and/or electronic bids via **PARITY®** for the Bonds will be received until 11:00 A.M. (E.D.T.) on August 18, 2010, at the Office of the First Selectman, 2nd Floor Conference Room, 31 Park Street, Guilford, Connecticut 06437, as described in the official Notice of Sale. (See "Appendix D" herein).

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number</u>
2012	\$ 750,000	%	%	401766***	2022	\$1,000,000	%	%	401766***
2013	750,000			401766***	2023	1,000,000			401766***
2014	800,000			401766***	2024	1,000,000			401766***
2015	800,000			401766***	2025	1,000,000			401766***
2016	850,000			401766***	2026	1,100,000			401766***
2017	850,000			401766***	2027	1,100,000			401766***
2018	900,000			401766***	2028	1,100,000			401766***
2019	900,000			401766***	2029	1,100,000			401766***
2020	950,000			401766***	2030	1,100,000			401766***
2021	950,000			401766***					

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 Bonds in definitive form will be available for delivery in New York, New York on or about August 25, 2010.

Dated: August 11, 2010

No dealer, broker, salesman or other person has been authorized by the Town of Guilford, Connecticut (the "Town"), to give any information or to make representations not contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “Financial Statements” hereto is a copy of the report of the independent auditors for the 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.

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

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

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

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board through its EMMA system. 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, financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed in substantially the form of Appendix C to this Official Statement.

BOND COUNSEL

DAY PITNEY LLP

*Hartford, Connecticut
(860) 275-0100*

INDEPENDENT FINANCIAL ADVISOR

INDEPENDENT BOND AND INVESTMENT
CONSULTANTS LLC

*Madison, Connecticut
(203) 245-8715*

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SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices has been prepared by the Town of Guilford (the "Town"), in connection with the issuance and sale by the Town of \$18,000,000 General Obligation Bonds, Issue of 2010, (the "Bonds"). All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

This presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in their opinion in Appendix B) and they make no representation that they have independently verified the same.

Description of the Bonds

The Bonds will be dated August 15, 2010 and will mature in annual installments on August 15 in each of the years and in the principal amounts set forth on the cover of this Official Statement. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest will be payable August 15, 2011 and semiannually thereafter on February 15 and August 15 in each year until maturity. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying, Registrar, Transfer and Paying Agent for the Bonds will be the U.S. Bank National Association, of Hartford, Connecticut. The legal opinions on the Bonds will be rendered by Day Pitney LLP, of Hartford, Connecticut. (See "Appendix B" herein). The Bonds SHALL be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Authorization and Purpose

Authorization: The Bonds were authorized and are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of Guilford and certain bond resolutions adopted by the Town Board of Finance and approved by the voters at referenda or Town Meeting. The proceeds of the Bonds will be used to finance the following projects for which Bonds have been authorized to be issued:

Projects	Total Bond Authorization	Notes	Additions/ (Reductions)	The Bonds
		Maturing 8/25/2010		
School Improvements/Calvin Leete/Adams Boilers (2006-07).....	\$ 5,270,000	\$ -	\$ 331,720	\$ 331,720
Guilford High School Synthetic Turf.....	890,505	-	475,000	475,000
School Facility Improvements (2007-08).....	2,595,700	-	1,300,000	1,300,000
Cox School Roof / Adams Improvements (2008-09).....	2,595,000	-	950,000	950,000
Adams Middle School Renovations (2009-10).....	998,750	-	998,750	998,750
Roof Replacements at Calvin Leete/Guilford Lakes (2009-10)....	1,550,000	-	995,000	995,000
Roof Replacement at Guilford Lakes School (2010-11).....	1,560,000	-	609,530	609,530
School Facilities Improvements (2010-11).....	760,000	-	760,000	760,000
Goss/Zipp Property Purchase.....	15,450,000	11,400,000	180,000	11,580,000
Total.....	\$ 31,669,955	\$ 11,400,000	\$ 6,600,000	\$ 18,000,000

Optional Redemption

The Bonds maturing on or before August 15, 2015 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2016 and thereafter are subject to redemption prior to maturity, at the option of the Town, 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 redemption prices (expressed as a percentage of the par amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 15, 2015 and thereafter	100%

Notice of Redemption

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 the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$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 The Depository Trust Company, or a successor securities depository, or its DTC nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. The school projects being financed with this issue will receive reimbursement under this method.

Debt service reimbursement will continue under the old reimbursement program for all projects approved prior to July 1, 1996. Under the old program, a municipality issued bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for principal and interest costs for eligible school construction expenses over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the project.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction. The following projects will be reimbursed under this method:

Project	Total Appropriation	Estimated Eligible Cost	Reimbursement Rate	Estimated Grant (1)
School Improvements/Calvin Leete/Adams Boilers (2006-07)...	\$ 5,270,000	\$ 2,635,728	30.71%	\$ 809,432
Guilford High School Synthetic Turf.....	890,505	-	0.00%	-
School Facilities Improvements (2007-08).....	2,595,700	1,267,000	33.21%	420,771
Cox School Roof / Adams Improvements (2008-09).....	2,595,000	1,240,192	31.07%	385,328
Adams Middle School Renovations (2009-10).....	998,750	-	0.00%	-
Roof Replacements at Calvin Leete/Guilford Lakes (2009-10)..	1,550,000	1,149,450	32.14%	364,654
Roof Replacement at Guilford Lakes School (2010-11).....	1,560,000	1,194,324	32.14%	383,856
School Facilities Improvements (2010-11)..	760,000	-	0.00%	-
Total.....	\$ 16,219,955	\$ 7,486,694		\$ 2,364,041

(1) Estimated grants receivable are based upon eligibility of reimbursable project costs. Final eligible costs to be determined at completion of post project audit. To date, the Town has received progress payments of \$809,432 for the above projects.

Ratings

The Town has made an application to Moody's Investors Service, Inc ("Moody's") and Fitch Ratings ("Fitch") for a rating on the Bonds. The underlying rating on the Town's outstanding bonds is currently "Aa2" by Moody's. Certain outstanding issues of the Town are also rated "AAA" by Fitch Ratings ("Fitch"). The ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from each rating agency at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, and Fitch Ratings, One State Street Plaza, New York, NY 10004. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such agencies if, in the judgment of such rating agencies, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the bonds and notes of the Town.

Security and Remedies

The Bonds will be general obligations of the Town of Guilford, 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 of the Town. 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. 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 the 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 therefore 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.

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

Qualification for Financial Institutions

The Bonds SHALL be designated 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 Transfer System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating of: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com 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 confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other 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 not be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Replacement Bonds

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

DTC Practices

The 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.

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SECTION II - THE ISSUER

Description of the Town

The Town, first settled in 1639 and named on July 6, 1643, encompasses approximately 47.7 square miles within New Haven County. The Town was the seventh town established in Connecticut. Today Guilford is bounded on the east by Madison; on the north by Durham; on the south by Long Island Sound; and on the west by North Branford and Branford. Interstate 95 and state highways 80, 146 and 1 (Boston Post Road) intersect the Town for east and west access, while state highway 77 provides north-south access. The Town is served by bus, air and rail service from the New Haven area. The Town is credited with a population of 22,398 as of the 2008 Census estimates.

The Town is primarily a middle to upper income suburban residential community comprised of single-family homes. The 2000 Census reported Town residents as being slightly older and better educated than state averages. Most residents are employed in executive, professional, technical and managerial positions in Hartford, New Haven, New London and in Fairfield County. The 2000 Census reported the Town's per capita income as \$37,161, or approximately 130% of the state average.

For over one hundred years, Guilford has maintained a large summer resident community who have been attracted to the Town's beaches, harbors and other natural resources. The Town has three public beaches, two on Long Island Sound and one on Lake Quonnipaug in North Guilford, as well as a nine-hole, par three golf course. The Town also owns recreation facilities that provide hiking, camping and picnicking, soccer and softball activities.

The Town utilizes a Plan of Conservation and Development to maintain its rural, historic character. The plan was originally created in 1978 and was recently updated and approved by the Planning and Zoning Commission in June 2002. The plan provides land use guidance policies for all Town agencies so that they may operate in a coordinated manner toward the Town's stated goals and objectives. The Planning and Zoning Commission and the Board of Selectmen are the agencies primarily responsible for adherence to the plan. In accordance with the plan, the Town actively encourages acquisition of open space either through direct purchases or through the Guilford Conservation Land Trust.

The Town actively pursues economic development opportunities wherever possible, especially along the Boston Post Road/I-95 corridor. The Economic Development Department and the Economic Development Commission work with other land use commissions to properly zone and market significantly sized parcels of land for future mix-use development. Recently completed development includes a new 20,000 s.f. office building off of Boston Post Road, CVS expansion at Guilford Center on Boston Post Road, Strawberry Hill Plaza and Guilford Plaza facade improvements, Wal-Mart renovation as well as numerous new restaurants. Ongoing development projects include a new 30,000 s.f. medical office building and a 114-unit active adult housing community on Boston Post Road, off I-95 Exit 57, and a new 35,000 s.f. office complex consisting of three buildings on Goose Lane, off I-95 Exit 59.

The Town Center, which includes the Green, is the principal symbol of the historic character of the Town. The Town Center, which is designated on the National Register of Historic Places, includes a mix of government buildings, churches, retail shops, restaurants and residences. In addition to the many businesses in Town, there are numerous banking institutions, including Bank of America, The Guilford Savings Bank, New Alliance Bank, Citizen's Bank of Connecticut, Connex Credit Union and Webster Bank.

The Town provides a full range of services, including Public Safety, Public Works, Health and Welfare, Culture, Recreation and Education. Full-time police protection is provided by 39 full-time officers. Fire protection and paramedic service is provided by 28 career firefighters and 60 volunteer firefighters. All residential and commercial facilities' sewage is collected in individual septic systems. Water is provided by individual wells and the Connecticut Water Company.

Solid waste removal is provided throughout the Town by private contractors. The Town operates a Waste Transfer Station with the Town of Madison for refuse and shares in the costs of transportation to a waste-to-energy facility. Guilford participates in the Connecticut Resource Recovery Authority (the "Authority") Mid-Connecticut Resource Recovery System (the "System"). The System includes sixty-seven participating municipalities, all of which have entered into long-term municipal solid waste delivery and disposal agreements (the "Municipal Service Agreements" or "MSA") with the Authority. Under the MSA, the Town is required to deliver or cause to be delivered to the System acceptable solid waste generated within its boundaries with a minimum commitment of 21,000 tons per year and to pay a uniform per ton disposal service fee (the "Municipal Disposal Fee"). The Town's commitment to pay Municipal Disposal Fees is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the participating municipalities is not met by the total deliveries of all the participating municipalities or by other solid waste delivered to the System by the Authority in any year, and if the Town does not meet its minimum commitment, then the Town must pay the Municipal Disposal Fee for its proportional share of the

aggregate minimum commitment, minus the amount of total acceptable solid waste delivered to the system. The Municipal Disposal Fee for the fiscal year ending June 30, 2011 is \$69.00 per ton.

Under the MSA, Municipal Disposal Fees shall be payable so long as the System is accepting solid waste delivered by or on behalf of the Town, whether or not such solid waste is processed by the System. The Town's obligation to pay Municipal Disposal Fees, so long as the Authority is accepting the Town's solid waste, is absolute and unconditional and shall not be subject to any set-off, counterclaim, re-coupment, defense (other than payment itself) or other right which the Town may have against the Authority or any other person for any reason whatsoever. The Town has pledged its full faith and credit to the payment of Municipal Disposal Fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of Municipal Disposal Fees.

Form of Government

The Town of Guilford operates under the provisions of its Charter, most recently revised on February 1, 2006 and the General Statutes of the State of Connecticut. The legislative body is the Town Meeting. The executive body is the Board of Selectmen, which consists of an elected First Selectman and four Selectmen. The First Selectman is the Chief Executive Officer of the Town. Election to the Board of Selectmen is for a two-year term. A seven-member Board of Finance is responsible for presenting fiscal operating budgets to the Annual Town Meeting. Board of Finance members are elected for four-year terms. A nine-member elected Board of Education is responsible for the operation of the school system. Members of the Board of Education are elected for four-year terms.

Other elected officials include the Town Treasurer, Board of Tax Review, Board of Finance, and Board of Education. The Town Counsel, Assessor, Town Clerk, Tax Collector, Health Officer, Welfare Director, Finance Director and Town Planner are appointed by the Board of Selectmen.

The Charter provides for an annual Town Meeting for approval of the annual budget and for supplemental appropriations and bond authorizations which exceed certain amounts. (See "Supplemental Appropriations" and "Legal Requirements for Approval of Borrowing" herein).

Municipal Officials

<u>Board of Selectmen</u>	<u>Term Expires</u>
Joseph S. Mazza, First Selectman.....	2013
Charles Havrda, Selectman.....	2013
Cynthia M. Cartier, Selectman.....	2013
Veronica Wallace, Selectman.....	2013
Gary MacElhinney, Selectman.....	2013
<u>Board of Finance</u>	
Matthew T. Hoey III, Chairman.....	2011
James F. O'Keefe.....	2011
F. Michael Ayles.....	2011
Louis M. Federici, Jr.....	2013
David Egan.....	2013
Kimberly Brockett.....	2013
Kenneth Gamerman.....	2013
<u>Other Officials</u>	
Robert Hartmann.....	2013
Janice G. Teft, Town Clerk.....	Appointed
Sheila W. Villano, Finance Director.....	Appointed
Dolly Mezzetti, Tax Collector.....	Appointed
Thomas A. Forcella, Superintendent of Schools.....	Appointed
LeClair Ryan LLP, Town Counsel.....	Appointed

Source: Town of Guilford, Selectmen's Office

Educational System

The Town's school system consists of four schools for pupils in grades K through 4; one school for pupils in grades 5-6; one school for pupils in grades 7-8; and pupils in grades 9-12 attend the high school. The schools are governed by a nine-member Board of Education.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Additions/ Renovations</u>	<u>Enrollment 10/1/2009</u>	<u>Capacity (1)</u>
A.W. Cox.....	K - 4	1967	1993,2000	321	396
Melissa Jones.....	K - 4	1953	1962,69,71,93	347	440
Guilford Lakes.....	PK - 4	1957	1965,93	433	506
Calvin Leete.....	K - 4	1950	1962,69,93	332	352
Abraham Baldwin.....	5 - 6	1970	1991	544	550
Elizabeth Adams.....	7 - 8	1936	1956,69,75,93	620	638
Guilford High.....	9 - 12	1958	1964,70,79,93,2000	1,115	1,296
Special Education & Vocational Agriculture.....				58	N/A
Total				<u>3,770</u>	<u>4,178</u>

(1) Internal changes have altered original capacity ratings.

School Enrollment

Actual					Out-Placed/ Special Education	Total
As of October 1	Pre-K-4	5 - 6	7 - 8	9 - 12		
2000	1,468	624	622	1,169	21	3,904
2001	1,489	659	598	1,170	22	3,938
2002	1,489	625	640	1,160	29	3,943
2003	1,488	616	658	1,115	26	3,903
2004	1,461	604	612	1,177	37	3,891
2005	1,491	593	596	1,189	29	3,898
2006	1,430	600	591	1,184	28	3,833
2007	1,453	608	600	1,179	40	3,880
2008	1,449	574	603	1,138	60	3,824
2009	1,433	544	620	1,115	58	3,770

Projected					
As of October 1	K-4 (1)	5 - 6	7 - 8	9 - 12	Total
2010	1,329	572	559	1,114	3,574
2011	1,289	567	552	1,116	3,524
2012	1,261	571	564	1,084	3,480
2013	1,244	573	559	1,080	3,456

(1) Projections do not include Pre-K.

Source: Town of Guilford, Office of the Superintendent of Schools.

Municipal Employment

Fiscal Year	2011	2010	2009	2008	2007
General Government.....	182	171	166	165	169
Board of Education.....	538	555	541	534	532
Total	720	726	707	699	701

Source: Town of Guilford, Finance Department.

Municipal Employees by Category

General Government	Employees
Assessor's Office.....	4
Building Department.....	3
Communications.....	4
Engineering.....	4
Finance.....	5
Fire Department.....	34
Health Department.....	4
Human Services.....	7
Library.....	11
Parks and Recreation.....	14
Planning and Zoning.....	3
Police Department.....	47
Public Works.....	20
Registrar of Voters.....	2
Selectmen's Office.....	4
Tax Collector.....	3
Town Clerk.....	3
Town Property.....	4
	176
Non-general fund supported.....	6
General Government subtotal.....	182
Board of Education	
Teachers.....	328
Secretaries and Aides.....	124
Custodial and Maintenance.....	32
Principals and Administration.....	20
Nurses/Therapists.....	10
Cafeteria.....	8
Substitute Teachers/Coordinators.....	5
Technology Technicians.....	7
Parking/Security.....	2
Transportation.....	1
Outdoor Education Coordinator.....	1
	538
Board of Education subtotal.....	538
Total Employees.....	720

Source: Town of Guilford, Finance Department.

Municipal Employees Bargaining Organizations

General Government	Employees Represented	Contract Expiration Date
Police Officers, Local 256, AFSCME Council 5, AFL-CIO.....	36	6/30/2012
International Association of Fire Fighters.....	33	6/30/2014
National Assoc. of Government Employees.....	7	6/30/2012
Teamsters, Chauffeurs, Warehousemen, and Helpers Local No. 443.....	19	6/30/2012
Guilford Employees Association.....	60	6/30/2013
Guilford Supervisors Association.....	13	6/30/2011
Sub-Total General Government.....	168	
Non-bargaining	14	N/A
Total General Government.....	182	
Board of Education		
Guilford Council of Educational Administrators.....	18	8/31/2011
Guilford Education Association.....	328	8/31/2010
Guilford Assoc. of Educational Support Services.....	106	8/31/2011
Hotel & Restaurant Employees & Bartenders Union Local 217 AFL-CIO.....	24	6/30/2011
Local 1303 Council #4 AFSCME, AFL-CIO.....	30	8/31/2010
Local 1303-314 Council #4, AFSCME, AFL-CIO.....	9	6/30/2009 (1)
Sub-Total Board of Education.....	515	
Non-bargaining employees.....	23	
Total Board of Education.....	538	
Total Town of Guilford.....	720	

(1) In negotiation.

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee's organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either of 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. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of Guilford</u>	<u>New Haven County</u>	<u>State of Connecticut</u>
1960	7,913	660,315	2,535,234
1970	12,033	744,948	3,032,217
1980	17,375	761,337	3,107,576
1990	19,848	804,219	3,287,116
2000	21,398	824,008	3,405,565
2008	22,398	846,101	3,501,252

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

Age Characteristics of Population

<u>Age</u>	<u>Town of Guilford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	1,287	6.0	223,344	6.5
5 – 9	1,514	7.1	244,144	7.2
10 – 14	1,628	7.6	241,587	7.1
15 – 19	1,377	6.5	216,627	6.3
20 – 24	566	2.6	187,571	5.5
25 – 34	1,830	8.6	451,640	13.3
35 – 44	3,782	17.7	581,049	17.1
45 – 54	4,156	19.4	480,807	14.1
55 – 59	1,528	7.1	176,961	5.2
60 – 64	982	4.6	131,652	3.9
65 – 74	1,474	6.9	231,565	6.8
75 – 84	883	4.1	174,345	5.1
85 and over ..	391	1.8	64,273	1.9
Total.....	21,398	100.0	3,405,565	100.0

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

Educational Attainment

Years of School Completed, Age 25 & Over

<u>Educational Attainment Group</u>	<u>Town of Guilford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	273	1.8	132,917	5.8
9th to 12th grade	497	3.3	234,739	10.2
High School graduate.....	2,926	19.5	653,300	28.5
Some college, no degree	2,668	17.8	402,741	17.5
Associates degree.....	1,151	7.7	150,926	6.6
Bachelor's degree	3,778	25.2	416,751	18.2
Graduate or professional degree.....	3,723	24.7	304,243	13.2
Total	15,016	100.0	2,295,617	100.0
Percent of High School Graduates		94.9%		84.0%
Percent of College Graduates.....		50.0%		31.4%

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

Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(1990)	(2000)	(1990)	(2000)
Town of Guilford	\$61,409	\$87,045	\$24,583	\$37,161
New Haven County	46,058	60,549	17,666	24,439
Connecticut	49,199	65,521	20,189	28,766
United States	35,353	49,600	14,617	21,690

Source: U.S. Department of Commerce, Bureau of the Census, 1990-200 Census.

Income Distribution

	Town of Guilford		State of Connecticut	
	Families	Percent	Families	Percent
\$ -0- to 9,999	81	1.3	33,423	3.8
10,000 to 14,999	50	0.8	23,593	2.7
15,000 to 24,999	198	3.3	63,263	7.1
25,000 to 34,999	236	3.9	75,413	8.5
35,000 to 49,999	514	8.5	120,134	13.6
50,000 to 74,999	1,269	21.0	198,924	22.5
75,000 to 99,999	1,244	20.5	141,981	16.0
100,000 to 149,999	1,290	21.3	132,177	14.9
150,000 to 199,999	592	9.8	42,472	4.8
200,000 or more	584	9.6	54,368	6.1
Total	6,058	100.0	885,747	100.0

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

Employment by Industry

	Town of Guilford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	81	0.7	1,101	0.3	7,445	0.5
Construction	756	6.5	21,826	5.5	99,913	6.0
Manufacturing:	1,433	12.4	63,053	15.9	246,607	14.8
Wholesale	395	3.4	13,552	3.4	53,231	3.2
Retail trade	1,189	10.3	44,983	11.3	185,633	11.2
Transportation, warehousing, Utilities	392	3.4	16,707	4.2	64,662	3.9
Information	560	4.8	14,357	3.6	55,202	3.3
Finance, insurance, real estate	676	5.8	26,787	6.8	163,568	9.8
Professional, scientific, management, administrative	1,407	12.2	34,946	8.8	168,334	10.1
Educational, health, social Services	3,250	28.1	101,733	25.7	366,568	22.0
Arts, entertainment, recreation accommodation, food	518	4.5	23,247	5.9	111,424	6.7
Other professional services	624	5.4	17,887	4.5	74,499	4.5
Public Administration	295	2.5	16,147	4.1	67,354	4.0
Total	11,576	100.0	396,326	100.0	1,664,440	100.0

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

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of Guilford.....	Municipality.....	720
Yale New Haven Shoreline Medical Center.....	Hospital.....	499
VNA Community Healthcare.....	Home Health Care Provider.....	275
Wal-mart.....	Retail sales.....	219
Moroso Performance Products.....	Auto Parts Manufacturer.....	201
Apple Rehab.....	Rehabilitation Facility.....	180
SARAH Inc.....	Social Services Provider.....	130
Algonquin Industries.....	Magnet Wire Manufacturer.....	100
George Schmitt Printing.....	Press printing.....	100
Big Y Supermarkets.....	Retail Sales.....	100
Guilford Savings Bank.....	Bank.....	96
Bishop Orchards Farm Market.....	Retail Sales.....	75
BIO-Med Devices.....	Surgical/Medical Instruments.....	50
Total.....		2,745

Source: Connecticut Business News Journal.

Unemployment Rate Statistics

By Place of Residence – Not Seasonally Adjusted)

Yearly Average	Town of Guilford	New Haven Labor Market	State of Connecticut	United States
1999	2.0%	3.1%	3.2%	4.2%
2000	1.4	2.3	2.3	4.0
2001	2.1	3.2	3.3	4.8
2002	2.4	4.1	4.3	5.8
2003	3.0	5.4	5.5	5.8
2004	2.7	4.7	4.9	5.5
2005	3.3	5.0	4.9	5.1
2006	2.9	4.5	4.3	4.6
2007	3.3	4.8	4.6	4.6
2008	4.1	5.9	5.7	5.8
2009	5.3	7.9	8.0	9.3
<u>2010 Monthly</u>				
January	6.6%	9.7%	9.8%	10.6%
February	6.5	9.7	9.8	10.4
March	6.2	9.3	9.3	10.2
April	6.1	8.6	8.5	9.5
May	6.2	9.0	8.8	9.3
June	6.6	9.2	8.9	9.6

Source: State of Connecticut, Department of Labor.

Number and Value of Building Permits

Calendar Year	Value	Permits
2010 (1)	\$ 11,819,014	514
2009	22,139,706	1,056
2008	46,747,784	1,354
2007	48,290,378	1,445
2006	45,645,511	1,237
2005	56,884,149	1,597
2004	59,939,280	1,542
2003	47,421,124	1,542
2002	40,685,815	1,762
2001	32,490,739	1,477

(1) As of June 30, 2010.

Source: Town of Guilford, Building Department.

Number of Dwelling Units

2000	1990	1980	1970	% Increase 1990-2000	% Increase 1980-2000	% Increase 1970-2000
8,724	7,765	6,321	3,967	12.4	38.0	120.2

Source: U.S. Department of Commerce, Bureau of the Census, 1970-2000 Census

Characteristics of Housing Units

Value of Owner Occupied Units	Town of Guilford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000.....	12	0.2	1,737	1.0	5,996	0.8
50,000 to 99,999.....	178	2.8	24,648	14.7	85,221	11.7
100,000 to 149,999.....	517	8.2	55,592	33.2	212,010	29.1
150,000 to 199,999.....	1,663	26.4	40,122	23.9	156,397	21.5
200,000 to 299,999.....	2,217	35.2	30,230	18.0	137,499	18.9
300,000 to 499,999.....	1,222	19.4	12,121	7.2	79,047	10.9
500,000 to 999,999.....	366	5.8	2,634	1.6	38,168	5.2
1,000,000 and over.....	131	2.1	456	0.3	13,906	1.9
Total	6,306	100.0	167,540	100.0	728,244	100.0
Median Value	230,000	-	151,900	-	166,900	-

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

Age Distribution of Housing

Year Structure Built	Town of Guilford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier.....	1,349	15.5	80,899	23.7	15,993	1.2
1940 to 1959	1,321	15.1	88,388	25.9	47,028	3.4
1960 to 1969	1,150	13.2	49,468	14.5	56,058	4.0
1970 to 1979	2,011	23.1	50,100	14.7	183,405	13.2
1980 to 1989	1,662	19.1	44,080	12.9	203,377	14.7
1990 to 1994	584	6.7	13,813	4.1	212,176	15.3
1995 to 1998	500	5.7	10,518	3.1	359,042	25.9
1999 to March 2000.....	147	1.7	3,466	1.0	308,896	22.3
Total housing units, 2000.....	8,724	100.0	340,732	100.0	1,385,975	100.0

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

Breakdown of Land Use

Land Use Category	Total Area		Developed		Undeveloped	
	Acreage	%	Acreage	%	Acreage	%
Residential.....	22,061	73.0	7,000	31.7	15,061	68.3
Commercial.....	700	2.3	600	85.7	100	14.3
Industrial	655	2.2	550	84.0	105	16.0
Public & Semi-public	6,800	22.5	425	6.2	6,375	93.8
Total Area	30,216	100.0	8,575	28.4	21,641	71.6

Land Use Category	Total		Developable		Non-developable	
	Acreage	%	Acreage	%	Acreage	%
Residential.....	15,061	69.6	8,762	58.2	6,299	41.8
Commercial.....	100	0.5	100	100.0	-	0.0
Industrial	105	0.5	19	18.1	86	81.9
Public & Semi-public	6,375	29.4	588	9.2	5,787	90.8
Total Undeveloped.....	21,641	100.0	9,469	43.8	12,172	56.2

Source: Town of Guilford, Planning and Zoning, 2002.

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of August 25, 2010 (Pro Forma)

Total fiscal year 2010 tax collections (including interest and lien fees) (unaudited estimate)	\$ 68,038,515
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	4,307
Base for Establishing Debt Limit	<u>\$ 68,042,822</u>

Debt Limitation (1)	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total Debt
(2.25 times base).....	\$ 153,096,350					
(4.50 times base).....		\$ 306,192,699				
(3.75 times base).....			\$ 255,160,583			
(3.25 times base).....				\$ 221,139,172		
(3.00 times base).....					\$ 204,128,466	
(7.00 times base).....						\$ 476,299,754
Indebtedness (Including <i>This Issue</i>)						
Bonds Payable.....	\$ 18,492,291	\$ 11,267,709	\$ -	\$ -	\$ -	\$ 29,760,000
The Bonds (<i>This Issue</i>) .	11,580,000	6,420,000	-	-	-	18,000,000
Authorized but						-
Unissued Debt.....	2,544,265	4,538,358	-	-	-	7,082,623
Gross Direct Debt.....	<u>32,616,556</u>	<u>22,226,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,842,623</u>
School grants						
receivable (2)	-	(2,534,207)	-	-	-	(2,534,207)
Underlying Debt.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Direct and						
Underlying Debt.....	<u>32,616,556</u>	<u>19,691,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,308,416</u>
Excess of Limit Over						
Outstanding and						
Authorized Debt.....	<u>\$ 120,479,794</u>	<u>\$ 286,500,839</u>	<u>\$ 255,160,583</u>	<u>\$ 221,139,172</u>	<u>\$ 204,128,466</u>	<u>\$ 423,991,338</u>

(1) Excludes tax collections of Coterminous Municipalities located within the Town of Guilford which have the power to issue debt or cause taxes to be levied on taxable property. See "Underlying Indebtedness" herein.

(2) The Town anticipates receiving \$979,598 in school construction bond subsidy grants from the State of Connecticut over the remaining life of outstanding school construction bond issues approved prior to July 1, 1996. The Town further expects to receive \$1,554,609 in progress payments for current school construction projects. (See School Construction Projects herein).

Source: Town of Guilford, Finance Department.

Calculation of Net Direct Debt

As of August 25, 2010 (Pro Forma)

<u>Bonded Indebtedness (1)</u>	
The Bonds.....	\$ 18,000,000
General Improvement.....	18,492,291
Schools.....	11,267,709
Total Bonded Indebtedness.....	47,760,000
<u>Short-Term Indebtedness.....</u>	
Notes Payable.....	-
Total Direct Indebtedness.....	47,760,000
Exclusions: (State School Construction Aid) (2)	(979,598)
Net Direct Indebtedness.....	46,780,402
Underlying Indebtedness.....	-
Net Direct Plus Underlying Indebtedness.....	\$ 46,780,402

(1) Does not include authorized but unissued debt of \$7,082,623 of August 25, 2010.

(2) The Town anticipates receiving State of Connecticut school construction bond subsidy grants over the remaining life of outstanding school bonds approved prior to July 1, 1996. The amount listed above represents principal only.

Current Debt Ratios

As of August 25, 2010 (Pro Forma)

Total Direct Indebtedness (1)	\$ 47,760,000
Net Direct Indebtedness (1)	\$ 46,780,402
Net Direct Plus Overlapping Indebtedness.....	\$ 46,780,402
Population (2)	22,398
Net Taxable Grand List (10/1/09).....	\$ 3,468,262,731
Estimated Full Value.....	\$ 4,954,661,044
Equalized Net Taxable Grand List (2008) (3)	\$ 4,482,204,306
Per Capita Income (1999) (4)	\$ 37,161
<u>Total Direct Debt:</u>	
Per Capita.....	\$2,132.33
To Net Taxable Grand List.....	1.38%
To Estimated Full Value.....	0.96%
To Equalized Net Taxable Grand List.....	1.07%
Per Capita to Per Capita Income.....	5.74%
<u>Net Direct Debt:</u>	
Per Capita.....	\$2,088.60
To Net Taxable Grand List.....	1.35%
To Estimated Full Value.....	0.94%
To Equalized Net Taxable Grand List.....	1.04%
Per Capita to Per Capita Income.....	5.62%
<u>Net Direct Plus Underlying Indebtedness:</u>	
Per Capita.....	\$2,088.60
To Net Taxable Grand List.....	1.35%
To Estimated Full Value.....	0.94%
To Equalized Net Taxable Grand List.....	1.04%
Per Capita to Per Capita Income.....	5.62%

(1) Bureau of Census, July 1, 2008 Population estimate.

(2) Office of Policy and Management, State of Connecticut

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

Historical Debt Statement

	2009-10 (1)	2008-09	2007-08	2006-07	2005-06
Population (2)	22,398	22,398	22,373	22,333	22,261
Net taxable grand list.....	\$ 3,458,010,775	\$ 3,455,346,343	\$ 2,555,149,036	\$ 2,518,220,894	\$ 2,477,604,242
Estimated full value.....	4,940,015,393	4,936,209,061	3,650,212,909	3,621,164,907	3,560,367,946
Equalized net taxable grand list (3) ...	4,482,204,306	4,974,979,604	4,993,873,043	4,890,602,706	4,639,365,468
Per capita income (4)	37,161	37,161	37,161	37,161	37,161
Short-term debt.....	\$ 11,400,000	\$ -	\$ 14,185,000	\$ 7,785,000	\$ -
Long-term debt.....	31,750,000	35,105,000	21,840,000	25,600,000	28,990,000
Total Direct Indebtedness.....	43,150,000	35,105,000	36,025,000	33,385,000	28,990,000
Net Direct Indebtedness.....	42,170,402	33,538,476	33,903,062	30,408,227	25,132,544
Net Direct Plus Underlying Indebtedness.....	42,170,402	33,538,476	33,903,062	30,408,227	25,132,544

(1) Unaudited estimate.

(2) Bureau of Census, July 1, 2008 Population estimate.

(3) Office of Policy and Management, State of Connecticut

(4) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Ratios

Total Direct Indebtedness:	2009-10 (1)	2008-09	2007-08	2006-07	2005-06
Per capita.....	\$1,926.51	\$1,567.33	\$1,610.20	\$1,494.87	\$1,302.28
To net taxable grand list.....	1.25%	1.02%	1.41%	1.33%	1.17%
To estimated full value.....	0.87%	0.71%	0.99%	0.92%	0.81%
To equalized net taxable grand list.....	0.96%	0.71%	0.72%	0.68%	0.62%
Debt per capita to per capita income.....	5.18%	4.22%	4.33%	4.02%	3.50%
Net Direct Indebtedness:					
Per capita.....	\$1,882.78	\$1,497.39	\$1,515.36	\$1,361.58	\$1,128.99
To net taxable grand list.....	1.22%	0.97%	1.33%	1.21%	1.01%
To estimated full value.....	0.85%	0.68%	0.93%	0.84%	0.71%
To equalized net taxable grand list.....	0.94%	0.67%	0.68%	0.62%	0.54%
Debt per capita to per capita income.....	5.07%	4.03%	4.08%	3.66%	3.04%
Net Direct Plus Underlying Indebtedness:					
Per capita.....	\$1,882.78	\$1,497.39	\$1,515.36	\$1,361.58	\$1,128.99
To net taxable grand list.....	1.22%	0.97%	1.33%	1.21%	1.01%
To estimated full value.....	0.85%	0.68%	0.93%	0.84%	0.71%
To equalized net taxable grand list.....	0.94%	0.67%	0.68%	0.62%	0.54%
Debt per capita to per capita income.....	5.07%	4.03%	4.08%	3.66%	3.04%

(1) Unaudited estimate.

Outstanding Short-Term Indebtedness

The Town has \$11,400,000 in short-term debt outstanding which matures on August 25, 2010. The outstanding short-term debt will be permanently financed by the Bonds.

Underlying Indebtedness

There are four associations and one tax district within the Town of Guilford with the power to issue debt or cause taxes to be levied on taxable property ("Coterminous Municipalities"). As of June 30, 2010, the Coterminous Municipalities had no outstanding indebtedness.

Legal Requirements for Approval of Borrowing

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

Temporary Financing

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 project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by 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 their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer 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 following the original date of issue (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 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).

Authorized but Unissued Debt

Projects	Total Bond Authorization	Previously Bonded	Grants/ Contributions	The Bonds	Authorized But Unissued
School Facilities Improvements (2000-01).....	\$ 911,000	\$ 731,000	\$ 48,845	\$ -	\$ 131,155 (1)
School Improvements/Calvin Leete/Adams Boilers (2006-07)...	5,270,000	4,128,847	809,433	331,720	-
Guilford High School Synthetic Turf.....	890,505	-	389,072 (3)	475,000	26,433
School Facility Improvements (2007-08).....	2,595,700	-	-	1,300,000	1,295,700 (2)
Cox / Adams School Improvements (2008-09).....	2,595,000	65,400	-	950,000	1,579,600 (2)
Adams Middle School Renovations (2009-10).....	998,750	-	-	998,750	-
Roof Replacements at Calvin Leete/Guilford Lakes (2009-10)..	1,550,000	-	-	995,000	555,000 (2)
Roof Replacement at Guilford Lakes School (2010-11).....	1,560,000	-	-	609,530	950,470 (2)
School Facilities Improvements (2010-11).....	760,000	-	-	760,000	-
Emergency Services Building.....	4,985,000	3,850,000	506,735	-	628,265 (1)
Class A, B and C Land Acquisition.....	5,100,000	4,054,000	-	-	1,046,000
Goss/Zipp Property Purchase.....	15,450,000	-	3,000,000	11,580,000	870,000
Total.....	\$ 42,665,955	\$ 12,829,247	\$ 4,754,085	\$ 18,000,000	\$ 7,082,623

(1) Projects are complete and the Town does not expect any additional borrowing for this project.

(2) The Town expects to receive an additional \$1,554,609 in school construction progress payments which will reduce the authorized but unissued debt by a similar amount.

(3) The Town has received private donations which will reduce the authorized but unissued debt by a similar amount.

Combined Schedule of Long Term Debt through Maturity

As of August 25, 2010 (Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds Principal Payments	Total Principal Payments ⁽¹⁾
	Principal Payments ⁽¹⁾	Interest Payments	Total Debt Service ⁽¹⁾		
2010-11	\$ 3,550,000	\$ 1,198,015	\$ 4,748,015	\$ -	\$ 3,550,000
2011-12	3,495,000	1,058,074	4,553,074	-	3,495,000
2012-13	2,305,000	952,262	3,257,262	750,000	3,055,000
2013-14	1,785,000	882,402	2,667,402	750,000	2,535,000
2014-15	1,855,000	813,915	2,668,915	800,000	2,655,000
2015-16	1,905,000	744,706	2,649,706	800,000	2,705,000
2016-17	1,900,000	671,157	2,571,157	850,000	2,750,000
2017-18	1,630,000	599,084	2,229,084	850,000	2,480,000
2018-19	1,525,000	535,887	2,060,887	900,000	2,425,000
2019-20	1,425,000	477,294	1,902,294	900,000	2,325,000
2020-21	1,425,000	419,372	1,844,372	950,000	2,375,000
2021-22	1,425,000	360,303	1,785,303	950,000	2,375,000
2022-23	1,425,000	300,516	1,725,516	1,000,000	2,425,000
2023-24	1,200,000	245,437	1,445,437	1,000,000	2,200,000
2024-25	1,200,000	194,547	1,394,547	1,000,000	2,200,000
2025-26	925,000	148,000	1,073,000	1,000,000	1,925,000
2026-27	925,000	106,375	1,031,375	1,100,000	2,025,000
2027-28	925,000	64,172	989,172	1,100,000	2,025,000
2028-29	925,000	21,391	946,391	1,100,000	2,025,000
2029-30	-	-	-	1,100,000	1,100,000
2030-31	-	-	-	1,100,000	1,100,000
Total	\$31,750,000	\$ 9,792,909	\$41,542,909	\$18,000,000	\$49,750,000

(1) Does not include \$1,990,000 of principal payments made as of August 25, 2010.

Source: Town of Guilford, Annual audited financial statements; Finance Department.

SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements (Appendix A).

Basis of Accounting

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

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town of Guilford Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The current auditors, Blum Shapiro LLP, were appointed by the Board of Finance and are required to conduct their examination under the guidelines issued by the State of Connecticut Office of Policy & Management, who receive a copy of said Audit Report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2009, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by Blum Shapiro LLP, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Director of Finance of the Town of Guilford, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting: The Town of Guilford has received a Certificate of Achievement for Excellence in Financial Reporting for the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial report for fiscal years ending June 30, 1997 through June 30, 2009. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Budgetary Procedure

The process of compiling the annual budget begins in December when guidelines are provided to individual Boards and Commissions. Budget requests are submitted in early January and a series of meetings are held with representatives of appropriate boards reviewing them. Sources of revenue other than property taxes are also analyzed. The Board of Finance makes preliminary budget determinations in March. They are presented at the Public Hearing in March for discussion and comment by residents. The Board of Finance then makes any adjustments it considers appropriate and approves a final budget plan which is presented at the Town Meeting in April. The 2010-11 budget was approved by referendum on April 20, 2010.

Employee Pension Systems

The Town has three single employer defined benefit pension plans, the Town of Guilford Pension Plan, the Town of Guilford Police Retirement Plan and the Public School Employees' (Non-Certified) Pension Plan. All full-time employees, other than members of the State of Connecticut Teachers' Retirement System, Police Retirement Plan, Public Works employees covered under the Teamsters Union or Non-certified school employees are eligible to participate in the Town of Guilford Pension Plan. Town plans are trustee contributory pension plans funded annually in an amount recommended by an actuary. This amount includes normal cost plus interest on the initial past service. Based upon a July 1, 2009 actuarial valuation, the actuarial value of assets and liabilities for the Town's three plans were as follows:

Schedule of Funding Progress

Plan Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>Town Employee' Pension Plan</i>						
2009	\$ 12,227,085	\$ 14,707,765	2,480,680	83.13%	\$ 6,144,540	40.37%
2008	11,621,328	12,977,368	1,356,040	89.55%	5,682,950	23.86%
2007	10,621,225	12,034,387	1,413,162	88.26%	5,252,597	26.90%
2006	9,190,430	10,971,072	1,780,642	83.77%	4,926,167	36.15%
2005	8,532,679	10,175,876	1,643,197	83.85%	4,439,156	37.02%
<i>Police Retirement Fund</i>						
2009	\$ 10,538,561	\$ 17,532,651	6,994,090	60.11%	\$ 2,696,484	259.38%
2008	10,398,065	14,823,830	4,425,765	70.14%	2,376,464	186.23%
2007	9,441,369	13,486,011	4,044,642	70.01%	2,373,787	170.39%
2006	8,336,213	12,793,334	4,457,121	65.16%	2,202,483	202.37%
2005	7,351,072	11,248,849	3,897,777	65.35%	2,252,201	173.07%
<i>Public School Employees' Pension Plan</i>						
2009	\$ 9,604,360	\$ 10,416,997	\$ 812,637	92.20%	\$ 5,690,009	14.28%
2008	9,655,908	9,532,740	(123,168)	101.29%	5,131,255	(2.40%)
2007	9,272,497	9,119,595	(152,902)	101.68%	5,068,700	(3.02%)
2006	8,256,252	8,502,508	246,256	97.10%	4,946,087	4.98%
2005	7,583,629	7,746,666	163,037	97.90%	4,565,484	3.57%

Schedule of Employer Contributions

Fiscal Year Ended	Town Employees		Police Retirement		Public Schools	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011 (1)	\$ 656,737	56%	\$ 692,437	167%	\$ 566,469	29%
2010 (2)	565,874	93%	677,646	93%	494,148	34%
2009	536,992	95%	449,821	128%	494,148	32%
2008	516,262	107%	444,515	142%	439,690	34%
2007	543,802	79%	466,406	90%	457,450	32%
2006	474,086	55%	407,844	115%	405,740	35%
2005	451,075	74%	430,145	116%	388,151	43%

(1) Adopted budget

(2) Unaudited estimate

Source: Town of Guilford, Department of Finance.

The value of the Town's pension fund holdings has decreased approximately 10% from a year ago due to the recent global financial turmoil.

For further information regarding Pension Plans, fund information and other relevant information, see "Appendix A" Notes to the Financial Statements, Note 4.

Other Post Employment Benefits

The Town provides health insurance, life insurance, and lump sum benefits in accordance with union contracts for members and non-union employees. The Town currently funds such benefits on a pay-as-you-go basis. 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 was required to comply with the reporting requirements of GASB 45 beginning with the 2008-09 fiscal year. The Town has hired Milliman USA to prepare a valuation of its OPEB liability and Milliman has determined that as of July 1, 2008 the Town's total liability for eligible Town employees was approximately \$5,288,000. The Town is currently funding its OPEB costs on a pay-as-you basis.

Investment Policies and Procedures

Under the Town Charter and under Connecticut General Statutes Sections 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, (b) certain mutual funds and money market mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest only in the following investments: (1) certificates of deposits; (2) overnight repurchase agreements collateralized by U. S. government agency obligations which are priced daily; (3) the State of Connecticut Short-Term Investment Fund (STIF); and (4) MBIA Class (an investment fund managed by MBIA Municipal Investors Services Corporation, which, according to MBIA Class, invests only in (i) high grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Programs' custodial bank to be held for the benefit of the Pool's participants).

All Town pension funds are invested in mutual funds and securities, by pension fund administrators. Board of Education pension funds are invested in a cost sharing, multiple employer public employees retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities. For further description of the Town's Pension Plans, see Note 4, and Required Supplementary Information, in Appendix A hereof.

Assessment Practices

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real, personal property and motor vehicles located within the Town on October 1, in accordance with Section 12-62a of the Connecticut General Statutes. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Office of Policy and Management.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually with manufacturers and businesses completing and returning to the Assessor's Office standard worksheets for computing value. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70 percent of present market value.

The Town last completed a general revaluation for the grand list dated October 1, 2007, effective fiscal year 2008-09. 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 10 years from the preceding physical inspection. Public Act 09-60 permits any municipality required to effect a revaluation of real property under Section 12-62 of the Connecticut General Statutes for the 2008, 2009 or 2010 assessment years upon approval of its legislative body, to delay such revaluation until the 2011 assessment year. Any required revaluation subsequent to such a delayed revaluation shall re-commence at the point in the schedule required pursuant to Section 12-62 that the municipality was following prior to such delay. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent and interest will accrue at the rate of 1.5% per month (18% per annum). Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

Real Property Tax Levies and Collections

FY Ending 30-Jun	Net Taxable Grand List (\$000)	Total Tax Rate (In Mills)	Adjusted Tax Levy	Collected End of Each FY	Uncollected Taxes	
					Each FY	As of 6/30/09
2011 ⁽¹⁾	\$ 3,468,264	20.83	\$71,079,779			
2010 ⁽²⁾	3,458,011	20.04	68,220,383	99.5% ⁽²⁾	In process	In process
2009 ⁽³⁾	3,455,346	19.19	61,559,470	99.4	\$ 368,697	\$ 368,697
2008	2,555,149	24.32	62,138,954	99.5	271,974	97,971
2007	2,518,220	23.16	58,369,255	99.6	201,450	12,546
2006	2,477,604	22.27	54,556,879	99.8	122,694	10,365
2005	2,420,326	21.65	52,559,644	99.8	139,932	4,908
2004	2,384,133	21.17	50,847,929	99.6	166,635	4,799
2003	1,497,635	32.47	49,329,279	99.6	204,602	7,226
2002	1,472,587	31.75	46,123,754	99.6	215,112	6,932
2001	1,442,695	30.84	43,058,135	99.4	262,693	6,720

(1) Adopted Budget.

(2) Unaudited estimate.

(3) The Town's last revaluation was for the Grand List dated October 1, 2007.

Source: Town of Guilford, Finance Department; Annual Financial Statements

Taxable Grand List

(\$ in Thousands)

Grand List Dated	Real Estate Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/09	\$3,252,185	\$70,397	\$161,806	\$3,484,388	\$16,124	\$3,468,264
10/01/08	3,248,489	67,345	160,854	3,476,688	18,677	3,458,011
10/01/07 ⁽¹⁾	3,234,736	72,993	170,331	3,478,060	22,714	3,455,346
10/01/06	2,329,467	71,607	169,045	2,570,119	14,970	2,555,149
10/01/05	2,297,538	68,714	168,563	2,534,815	16,595	2,518,220
10/01/04	2,265,196	64,500	162,562	2,492,258	14,654	2,477,604
10/01/03	2,227,249	58,935	149,542	2,435,726	15,400	2,420,326
10/01/02	2,189,131	57,682	153,643	2,400,456	16,323	2,384,133
10/01/01	1,309,211	56,777	145,457	1,511,445	13,810	1,497,635
10/01/00	1,292,173	53,142	140,489	1,485,804	13,217	1,472,587

(1) The Town's last revaluation was for the Grand List dated October 1, 2007.

Source: Town of Guilford, Finance Department; Annual Financial Statements

The following table sets forth the Real Estate Property portion of the Town's taxable grand lists by component, for the period October 1, 2000, through October 1, 2009.

(\$ in Thousands)

Grand List Dated	Residential Property	Industrial & Commercial Property	Other Property	Total Real Estate Property
10/01/09	\$ 2,983,660	\$ 241,019	\$ 27,506	\$ 3,252,185
10/01/08	2,977,853	243,606	27,029	3,248,488
10/01/07	2,957,692	255,628	21,416	3,234,736
10/01/06	2,143,284	163,540	22,643	2,329,467
10/01/05	2,113,967	159,924	23,647	2,297,538
10/01/04	2,085,690	156,564	22,942	2,265,196
10/01/03	2,059,652	149,686	17,911	2,227,249
10/01/02	2,024,049	150,226	14,856	2,189,131
10/01/01	1,188,812	109,919	10,480	1,309,211
10/01/00	1,173,056	108,234	10,883	1,292,173

Source: Town of Guilford Finance Department; Assessor's Office.

Largest Taxpayers

Name of Taxpayer	Nature of Property	Grand List Amount	Estimated Tax Levy
Connecticut Light & Power.....	Utility.....	\$ 21,972,860	\$ 457,695
Guilford Plaza Associates LTD.....	Real Estate.....	13,002,290	270,838
Harvest Guilford Retirement Residence LLC...	Real Estate.....	11,438,160	238,257
JJjeanz LLC.....	Real Estate.....	10,249,580	213,499
Goose Lane Medical LLC.....	Real Estate.....	9,448,490	196,812
Kaplan, Barry A & Rochelle I.....	Real Estate.....	6,720,170	139,981
Finast Acquisition LLC.....	Real Estate.....	6,539,560	136,219
WTS Goose Lane Ventures LLC.....	Real Estate.....	5,521,600	115,015
NMF A & B Family Trust.....	Real Estate.....	5,508,110	114,734
MEC Real Estate Investors Trust.....	Real Estate.....	5,226,420	108,866
Total		\$ 95,627,240 (1)	\$ 1,991,915 (2)

(1) Represents 2.76% of the net taxable Grand List of \$3,468,262,731 dated October 1, 2009.

(2) Represents 2.80% of the total adjusted tax levy of \$71,080,253 for fiscal year 2010-11.

Source: Town of Guilford, Assessor's Office.

Revenues

The Town derives its revenues from a direct tax levy on property, State and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2005-2009 in "Statements of General Fund Revenues, Expenditures and Changes in Fund Balance (GAAP Basis)" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

Fiscal Year	Property Taxes Revenues as a % of General Fund Revenues		
	General Fund Revenues	Property Tax Revenues	
2011 (1)	\$ 77,741,838	\$ 71,406,003	91.85%
2010 (2)	73,997,933	68,078,515	92.00
2009	77,344,574	65,708,244	84.96
2008 (3)	87,260,374	61,967,123	71.01
2007	69,181,750	58,219,632	84.15
2006	66,183,652	55,143,746	83.32
2005	61,385,076	52,424,786	85.40
2004	59,532,456	50,945,617	85.58
2003	57,603,221	49,313,938	85.61
2002	56,461,495	47,461,094	84.06

(1) Adopted Budget.

(2) Unaudited estimate, budgetary basis.

(3) Includes \$15,977,116 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Annual audited financial statements; fiscal year 2009-10 unaudited estimates and fiscal year 2010-11 adopted budget.

Intergovernmental Revenues

Fiscal Year	Aid as a % of General Fund Revenue		
	General Fund Revenues	Federal & State Aid	
2011 (1)	\$ 77,741,838	\$ 4,263,495	5.5%
2010 (2)	73,997,933	4,000,956	5.4
2009	77,344,574	9,129,571	11.8
2008 (3)	87,260,374	21,744,756	24.9
2007	69,181,750	7,890,489	11.4
2006	66,183,652	7,766,216	11.7
2005	61,385,076	6,339,064	10.3
2004	59,532,456	6,126,754	10.3
2003	57,603,221	6,349,011	11.0
2002	56,461,495	7,020,771	12.4

(1) Adopted Budget.

(2) Unaudited estimate, budgetary basis.

(3) Includes \$15,977,116 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Annual audited financial statements; fiscal year 2009-10 unaudited estimates and fiscal year 2010-11 adopted budget.

Expenditures

Fiscal Year	Education	Public Safety	General Government	Public Works	Debt Service
2011 (1)	64.3%	10.1%	6.2%	2.9%	6.1%
2010 (2)	65.1	10.0	6.1	3.1	6.4
2009	67.2	9.5	5.8	3.0	5.9
2008	71.6 (3)	7.8	4.7	2.4	5.5
2007	67.0	9.1	5.7	2.8	6.6
2006	66.6	9.2	6.1	2.9	6.7
2005	65.8	9.0	6.4	3.1	6.5
2004	65.4	8.7	6.4	3.3	6.7
2003	65.1	8.6	6.3	3.0	7.5
2002	67.5	8.0	4.7	2.7	7.6

(1) Adopted Budget.

(2) Unaudited estimates, budgetary basis.

(3) Includes \$15,977,116 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Annual audited financial statements; fiscal year 2009-10 unaudited estimates and fiscal year 2010-11 adopted budget.

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

	Fiscal Year 2008-09			Fiscal Year 2009-10	Fiscal Year 2010-11
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	Unaudited Estimates	Adopted Budget
REVENUES					
Property taxes, interest and liens.....	\$ 66,011,868	\$ 65,708,244	\$ (303,624)	\$68,078,515	\$71,406,003
Intergovernmental revenue.....	4,456,070	4,458,271	2,201	4,000,956	4,263,495
Licenses, fees and permits.....	843,200	495,672	(347,528)	516,604	561,700
Charges for services.....	2,089,593	1,611,774	(477,819)	1,313,396	1,385,640
Interest and dividends.....	800,000	361,350	(438,650)	88,462	125,000
Other revenues.....	51,087	134,976	83,889	-	-
TOTAL REVENUES	74,251,818	72,770,287	(1,481,531)	73,997,933	\$77,741,838
EXPENDITURES					
Current:					
General government.....	4,781,204	4,505,170	276,034	4,527,882	\$ 4,786,041
Public safety.....	7,698,057	7,422,564	275,493	7,400,320	7,824,015
Public works.....	2,450,699	2,354,026	96,673	2,272,214	2,239,996
Health and welfare.....	895,846	876,690	19,156	857,457	908,761
Culture and recreation.....	1,350,449	1,266,141	84,308	1,253,255	1,356,570
Education.....	48,170,968	48,019,810	151,158	48,074,363	50,021,963
Pension & employee benefits.....	4,529,831	4,388,629	141,202	4,650,056	5,368,476
Debt service.....	4,669,894	4,594,738	75,156	4,694,376	4,748,016
Capital outlay.....	809,870	758,635	51,235	119,628	488,000
TOTAL EXPENDITURES	75,356,818	74,186,403	1,170,415	73,849,551	\$77,741,838
Excess (deficiency) of revenues over expenditures.....	(1,105,000)	(1,416,116)	(311,116)	148,382	
Other financing uses:					
Operating transfers in.....	-	-	-	-	-
Operating transfers out.....	95,000	95,000	-	-	-
Total other financing sources (uses):	95,000	95,000	-	-	-
Excess (deficiency) of revenues over expenditures and other uses before continuing appropriations.....	(1,200,000)	(1,511,116)	(311,116)	148,382	
Continuing Appropriations.....	101,862	72,064	29,798		
Excess(deficiency) of revenues over expenditures, other uses and continuing appropriations.....	\$ (1,301,862)	(1,583,180)	\$ (281,318)	148,382	
Fund Balance - Beginning of year....		4,065,557		2,482,377	
Fund Balance - End of year.....		\$ 2,482,377		\$ 2,630,759	

Source: Annual audited financial statements; fiscal year 2009-10 unaudited estimates and 2010-11 adopted budget; Town of Guilford, Department of Finance.

Comparative Balance Sheets - General Fund

	2005	2006	2007	2008	2009
ASSETS					
Cash and cash equivalents.....	\$ 10,829,938	\$ 10,497,970	\$ 12,904,756	\$ 10,703,250	\$ 11,171,489
Investments.....	371,088	432,637	-	-	-
Property taxes receivable, net.....	243,742	200,363	273,505	361,192	504,883
Other receivables, net.....	150,436	231,757	144,416	210,704	204,741
Due from other funds.....	1,603,623	3,434,218	1,080,090	3,064,339	2,781,230
TOTAL ASSETS.....	\$ 13,198,827	\$ 14,796,945	\$ 14,402,767	\$ 14,339,485	\$ 14,662,343
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued items...	\$ 4,021,260	\$ 4,466,521	\$ 4,872,941	\$ 5,114,825	\$ 5,261,356
Due to other funds.....	-	-	-	-	352,061
Deferred revenue.....	3,797,749	4,408,462	4,532,761	4,541,671	5,498,395
TOTAL LIABILITIES.....	7,819,009	8,874,983	9,405,702	9,656,496	11,111,812
FUND BALANCES					
Reserved for encumbrances.....	619,872	947,312	575,496	617,432	1,068,153
Reserved for continued appropriations..	257,111	179,565	267,001	101,862	43,175
Reserved for debt service.....	-	-	-	-	-
Reserved for sick leave retirement.....	128,002	144,502	204,502	204,502	204,502
Unreserved:					
Designated for subsequent year's Expenditures.....	1,200,000	1,381,460	1,300,000	1,200,000	-
Undesignated.....	3,174,823	3,269,123	2,650,066	2,559,193	2,234,701
TOTAL FUND BALANCES.....	5,379,808	5,921,962	4,997,065	4,682,989	3,550,531
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 13,198,817	\$ 14,796,945	\$ 14,402,767	\$ 14,339,485	\$ 14,662,343

Source: Annual audited financial statements.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES					
Property taxes, interest and liens fees.....	\$ 52,424,786	\$ 55,143,746	\$ 58,219,632	\$ 61,967,123	\$ 65,708,244
Intergovernmental revenue.....	6,339,064	7,766,216	7,890,489	21,744,756 (1)	9,129,571
Other local revenues.....	2,621,226	3,273,690	3,071,629	3,548,495	2,506,759
TOTAL REVENUES.....	<u>61,385,076</u>	<u>66,183,652</u>	<u>69,181,750</u>	<u>87,260,374</u>	<u>77,344,574</u>
EXPENDITURES					
Current:					
General government.....	3,964,845	3,971,233	3,999,144	4,093,005	4,503,339
Public safety.....	5,574,635	5,971,355	6,360,136	6,803,216	7,438,710
Public works.....	1,891,928	1,872,040	1,971,942	2,113,124	2,371,512
Health and welfare.....	612,310	695,386	710,435	791,955	868,640
Culture and recreation.....	1,153,242	1,154,620	1,200,394	1,251,525	1,266,141
Education.....	40,602,149	43,476,194	46,723,393	62,540,034 (1)	52,451,290
Pension and employee benefits.....	3,383,523	3,399,849	3,781,905	4,460,875	4,388,629
Debt service:					
Principal retirement.....	2,785,000	2,925,000	3,390,000	3,760,000	3,235,000
Interest.....	1,219,296	1,420,039	1,197,869	1,054,656	1,359,738
Bond issuance cost.....	-	-	-	-	-
Refunding bond issuance costs.....	-	-	-	-	-
Capital outlay.....	496,573	366,708	416,974	481,425	220,538
TOTAL EXPENDITURES.....	<u>61,683,501</u>	<u>65,252,424</u>	<u>69,752,192</u>	<u>87,349,815</u>	<u>78,103,537</u>
Excess (deficiency) of revenues over expenditures.....	(298,425)	931,228	(570,442)	(89,441)	(758,963)
Other financing sources (uses):					
Proceeds of bonds.....	-	-	-	-	-
Proceeds of refunding bonds.....	-	-	-	-	-
Proceeds from capital lease.....	69,849	-	-	-	-
Operating transfers in.....	-	269,130	-	-	19,142
Operating transfers out.....	(305,500)	(658,204)	(354,455)	(224,635)	(392,637)
Total other financing sources (uses)....	<u>(235,651)</u>	<u>(389,074)</u>	<u>(354,455)</u>	<u>(224,635)</u>	<u>(373,495)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	(534,076)	542,154	(924,897)	(314,076)	(1,132,458)
Fund Balance - Beginning of year.....	<u>5,913,884</u>	<u>5,379,808</u>	<u>5,921,962</u>	<u>4,997,065</u>	<u>4,682,989</u>
Fund Balance - End of year.....	<u>\$ 5,379,808</u>	<u>\$ 5,921,962</u>	<u>\$ 4,997,065</u>	<u>\$ 4,682,989</u>	<u>\$ 3,550,531</u>

(1) Includes \$15,977,116 on behalf of payments to Connecticut State Teachers' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Annual audited financial statements.

Comparative Balance Sheets - Bonded Projects Fund

	2005	2006	2007	2008	2009
ASSETS					
Cash and cash equivalents.....	\$ 339,010	\$ 12,892	\$ 2,253,786	\$ 1,583,959	\$ 65,460
Due from other funds.....	55,280	-	-	-	500,000
TOTAL ASSETS.....	<u>\$ 394,290</u>	<u>\$ 12,892</u>	<u>\$ 2,253,786</u>	<u>\$ 1,583,959</u>	<u>\$ 565,460</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued items.....	\$ 336,114	\$ 265,326	\$ 1,320,774	\$ 1,180,057	\$ 615,801
Due to other funds.....	159,294	2,173,250	333,946	2,448,010	2,272,593
Bonds and notes payable.....	-	-	7,785,000	14,185,000	-
TOTAL LIABILITIES.....	<u>495,408</u>	<u>2,438,576</u>	<u>9,439,720</u>	<u>17,813,067</u>	<u>2,888,394</u>
FUND BALANCES					
Reserved.....	-	-	-	-	-
Unreserved:					
Undesignated.....	(101,118)	(2,425,684)	(7,185,934)	(16,229,108)	(2,322,934)
TOTAL FUND BALANCES.....	<u>(101,118)</u>	<u>(2,425,684)</u>	<u>(7,185,934)</u>	<u>(16,229,108)</u>	<u>(2,322,934)</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 394,290</u>	<u>\$ 12,892</u>	<u>\$ 2,253,786</u>	<u>\$ 1,583,959</u>	<u>\$ 565,460</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Bonded Project Fund

	2005	2006	2007	2008	2009
REVENUES					
Intergovernmental revenue.....	\$ 435,466	\$ 11,826	\$ 199,044	\$ 886,370	\$ 564,278
Other local revenues.....	7,500	907	30,553	36,135	874,128
TOTAL REVENUES	<u>442,966</u>	<u>12,733</u>	<u>229,597</u>	<u>922,505</u>	<u>1,438,406</u>
EXPENDITURES					
Bond issuance cost.....	-	-	-	-	-
Capital outlay.....	1,168,683	2,068,169	4,989,847	9,965,679	3,937,119
TOTAL EXPENDITURES.....	<u>1,168,683</u>	<u>2,068,169</u>	<u>4,989,847</u>	<u>9,965,679</u>	<u>3,937,119</u>
Excess (deficiency) of revenues over expenditures.....	(725,717)	(2,055,436)	(4,760,250)	(9,043,174)	(2,498,713)
Other financing sources (uses):					
Proceeds of bonds.....	5,220,000	-	-	-	16,500,000
Operating transfers in.....	-	-	-	-	-
Operating transfers out.....	-	(269,130)	-	-	(95,113)
Total other financing sources (uses).....	<u>5,220,000</u>	<u>(269,130)</u>	<u>-</u>	<u>-</u>	<u>16,404,887</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	4,494,283	(2,324,566)	(4,760,250)	(9,043,174)	13,906,174
Fund Balance - Beginning of year.....	(4,595,401)	(101,118)	(2,425,684)	(7,185,934)	(16,229,108)
Fund Balance - End of year.....	<u>\$ (101,118)</u>	<u>\$ (2,425,684)</u>	<u>\$ (7,185,934)</u>	<u>\$ (16,229,108)</u>	<u>\$ (2,322,934)</u>

Source: Annual audited financial statements.

Comparative Balance Sheets - Special Revenue Funds

	2005	2006	2007	2008	2009
ASSETS					
Cash and cash equivalents.....	\$ 2,031,365	\$ 2,265,300	\$ 2,601,631	\$ 2,730,544	\$ 2,927,754
Other receivables.....	65,424	27,368	51,721	164,491	43,365
Due from other governments.....	314,196	168,843	209,611	44,328	244,502
Due from other funds.....	-	-	-	-	-
Other assets.....	12,268	12,385	12,054	12,197	12,115
TOTAL ASSETS.....	\$ 2,423,253	\$ 2,473,896	\$ 2,875,017	\$ 2,951,560	\$ 3,227,736
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Bank overdraft.....	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued items.....	145,899	144,113	116,979	96,127	106,963
Deferred revenue.....	28,031	2,792	115,648	131,802	171,705
Due to other funds.....	348,693	194,756	132,501	134,740	154,697
TOTAL LIABILITIES.....	522,623	341,661	365,128	362,669	433,365
FUND BALANCES					
Reserved for encumbrances.....	-	-	-	-	-
Reserved for program expenditures.....	168,752	257,516	50,000	50,000	62,500
Reserved for long-term assets.....	64,387	-	-	-	-
Unreserved:					
Undesignated.....	1,667,491	1,874,719	2,459,889	2,538,891	2,731,871
TOTAL FUND BALANCES.....	1,900,630	2,132,235	2,509,889	2,588,891	2,794,371
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,423,253	\$ 2,473,896	\$ 2,875,017	\$ 2,951,560	\$ 3,227,736

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds

	2005	2006	2007	2008	2009
REVENUES					
Intergovernmental revenue.....	\$ 1,871,958	\$ 1,692,378	\$ 1,374,521	\$ 1,864,869	\$ 1,982,239
Other local revenues:					
Charges for services.....	1,624,422	1,725,072	1,832,778	2,048,471	1,848,005
Interest and dividends.....	12,684	29,027	47,080	37,306	13,147
Donations.....	123,843	56,061	58,395	96,935	130,653
TOTAL REVENUES	<u>3,632,907</u>	<u>3,502,538</u>	<u>3,312,774</u>	<u>4,047,581</u>	<u>3,974,044</u>
EXPENDITURES					
Current:					
General government.....	770,896	499,860	289,655	1,038,314	837,204
Public safety.....	146,905	588,643	237,362	204,412	167,838
Health and welfare.....	-	-	106,900	119,874	111,454
Culture and recreation.....	862,050	640,926	788,685	880,707	808,960
Education.....	1,887,022	1,727,567	1,776,973	1,854,907	1,965,866
TOTAL EXPENDITURES	<u>3,666,873</u>	<u>3,456,996</u>	<u>3,199,575</u>	<u>4,098,214</u>	<u>3,891,322</u>
(Deficiency) of revenues over expenditures.....	<u>(33,966)</u>	<u>45,542</u>	<u>113,199</u>	<u>(50,633)</u>	<u>82,722</u>
Other financing sources (uses):					
Operating transfers in.....	205,500	186,063	264,455	129,635	141,900
Operating transfers out.....	-	-	-	-	(19,142)
Total other financing sources (uses)....	<u>205,500</u>	<u>186,063</u>	<u>264,455</u>	<u>129,635</u>	<u>122,758</u>
Excess (deficiency) of revenues and operating transfers in over expenditures and operating transfers.....	171,534	231,605	377,654	79,002	205,480
Fund Balance - Beginning of year.....	<u>1,729,096</u>	<u>1,900,630</u>	<u>2,132,235</u>	<u>2,509,889</u>	<u>2,588,891</u>
Fund Balance - End of year.....	<u>\$ 1,900,630</u>	<u>\$ 2,132,235</u>	<u>\$ 2,509,889</u>	<u>\$ 2,588,891</u>	<u>\$ 2,794,371</u>

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

Following consultation with the Town's Counsel, and other attorneys advising the Town, as of the date of this Official Statement, Town officials advise that the Town of Guilford, 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 or which would impact the validity of the Bonds or the power of the Town to levy and collect taxes to pay the Bonds.

Availability of Continuing Disclosure Information

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), 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 the Bonds. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to SEC Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

Documents Accompanying Delivery of the Bonds

Upon the delivery of the Bonds, the purchaser will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman and the Finance Director, which will be dated the date of delivery and attached to a signed copy of the Final Official Statement, certifying that to the best of said officials' knowledge and belief, as of the date the bids were accepted for the Bonds, the descriptions and statements in the Official Statement (with such supplemental information concerning ratings, interest rates, and corrections) 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. The approving opinion of Day Pitney LLP, Bond Counsel, in substantially the form set out in Appendix B hereto.
4. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached to the Final Official Statement as Appendix C.
5. A receipt for the purchase price of the Bonds.
6. Within seven business days of the bond pricing, the Town will furnish the purchaser 100 copies of the final Official Statement, as prepared by the Town.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of U.S. Bank National Association, of Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

Additional information may be obtained upon request from the Office of the Town Director of Finance at (203) 453-8023 or from Independent Bond and Investment Consultants LLC at (203) 245-9603.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

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

Day Pitney LLP, Bond Counsel, are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in this Official Statement, other than as set forth in Appendix B - "OPINION OF BOND COUNSEL AND TAX EXEMPTION", and they make no representation that they have independently verified the same.

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

TOWN OF GUILFORD, CONNECTICUT

By: _____
JOSEPH S. MAZZA
First Selectman

By: _____
SHEILA W. VILLANO
Finance Director

Dated: August 11, 2010

APPENDIX A - FINANCIAL STATEMENTS

TOWN OF GUILFORD, CONNECTICUT

June 30, 2009

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Guilford for the Fiscal Year ending June 30, 2009 as presented by the auditors and does not include all of the schedules made in such report. A copy of the complete report is available upon request to the Finance Director, Town of Guilford, Connecticut.



Accounting | Tax | Business Consulting

Independent Auditors' Report

Board of Finance
Town of Guilford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Guilford, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town of Guilford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Guilford, Connecticut, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof, 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 accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing

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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 conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 12 and the schedule of funding progress - Pension Trust Funds on pages 51 and 52 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

February 24, 2010

**TOWN OF GUILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

The management of the Town of Guilford, Connecticut (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$20,679,127 for the Governmental Activities, and the assets of the Town exceeded its liabilities by \$1,870,789 for the Business-Type Activities. Capital assets are reported net of accumulated depreciation, and both noncurrent (liabilities due in more than one year) and current liabilities are reported.
- On a government-wide basis, the government's total net assets increased by \$2,279,815 for the Governmental Activities and \$(15,880) for the Business-Type Activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,125,281, an increase of \$13,035,804 in comparison with the prior year. Of the total fund balance, \$2,234,701 is available in the General Fund and \$2,731,871 in the Nonmajor Governmental Funds for spending at the government's discretion (unreserved fund balance); however, the Bonded Projects Fund has an unreserved fund balance of \$(2,322,934) due to the timing of bond proceeds.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$2,234,701 or 3.0% of total General Fund expenditures and operating transfers out.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, education, debt service and capital outlay. The business-type activities of the Town include the Guilford Public Golf Course, the Marina Fund and Waste Transfer Station.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

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

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

The Town maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Bonded Projects Fund, which are considered to be major funds.

Data from the 24 nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits III, IV and V of this report.

Proprietary Funds - The Town maintains three enterprise type funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The Town uses enterprise funds to account for its golf course, marina and waste transfer station.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Marina Fund which is considered to be a major fund of the Town. Also, the Waste Transfer Station and Golf Course Fund, which are considered nonmajor funds, are combined into a single, aggregated presentation in the Proprietary Fund financial statements. Individual fund data for each of the nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report. The Internal Service Fund, where medical benefit activity is reported, is presented as a governmental activity in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on Exhibits VI, VII and VIII of this report.

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

The basic fiduciary fund financial statements can be found on Exhibits IX and X of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-50 of this report.

The notes to this report also contain certain supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 53-66 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$20,679,127 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, machinery and equipment). It is presented in the statement of net assets less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET ASSETS

June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 19,332,135	\$ 19,966,370	\$ 965,619	\$ 861,183	\$ 20,297,754	\$ 20,827,553
Capital assets, net of accumulated depreciation	<u>56,215,312</u>	<u>52,546,924</u>	<u>1,067,917</u>	<u>1,123,506</u>	<u>57,283,229</u>	<u>53,670,430</u>
Total assets	<u>75,547,447</u>	<u>72,513,294</u>	<u>2,033,536</u>	<u>1,984,689</u>	<u>77,580,983</u>	<u>74,497,983</u>
Current liabilities	16,207,193	29,727,459	162,747	98,020	16,369,940	29,825,479
Long-term liabilities outstanding	<u>38,661,127</u>	<u>24,386,523</u>			<u>38,661,127</u>	<u>24,386,523</u>
Total liabilities	<u>54,868,320</u>	<u>54,113,982</u>	<u>162,747</u>	<u>98,020</u>	<u>55,031,067</u>	<u>54,212,002</u>
Net Assets:						
Invested in capital assets, net of related debt	21,558,941	17,018,157	1,067,917	1,123,506	22,626,858	18,141,663
Unrestricted	<u>(879,814)</u>	<u>1,381,155</u>	<u>802,872</u>	<u>763,163</u>	<u>(76,942)</u>	<u>2,144,318</u>
Total Net Assets	<u>\$ 20,679,127</u>	<u>\$ 18,399,312</u>	<u>\$ 1,870,789</u>	<u>\$ 1,886,669</u>	<u>\$ 22,549,916</u>	<u>\$ 20,285,981</u>

The Town's net assets increased by \$2,263,935 overall during the fiscal year with net assets of Governmental Activities and Business-Type Activities of \$20,679,127 and \$1,870,789,

CHANGES IN NET ASSETS
For the Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 3,983,723	\$ 4,286,948	\$ 968,440	\$ 1,060,039	\$ 4,952,163	\$ 5,346,987
Operating grants and contributions	10,333,829	22,333,551	140,896	130,841	10,474,725	22,464,392
Capital grants and contributions	1,467,564	1,115,678			1,467,564	1,115,678
General revenues:						
Property taxes	65,825,666	62,029,018			65,825,666	62,029,018
Grants not restricted to specific programs	538,456	554,880			538,456	554,880
Unrestricted investment earnings	378,923	967,899	13,161	33,503	392,084	1,001,402
Miscellaneous revenue	27,646	400,447			27,646	400,447
Total revenues	<u>82,555,807</u>	<u>91,688,421</u>	<u>1,122,497</u>	<u>1,224,383</u>	<u>83,678,304</u>	<u>92,912,804</u>
Expenses:						
General government	6,375,680	6,635,404			6,375,680	6,635,404
Public safety	10,100,317	9,415,711			10,100,317	9,415,711
Public works	3,567,769	3,788,325			3,567,769	3,788,325
Health and welfare	1,248,584	1,195,029			1,248,584	1,195,029
Culture and recreation	2,623,994	2,725,169			2,623,994	2,725,169
Education	54,786,648	64,717,798			54,786,648	64,717,798
Interest and fiscal charges	1,478,000	1,005,812			1,478,000	1,005,812
Guilford Public Golf Course			263,860	273,907	263,860	273,907
Waste Transfer Station			884,463	913,734	884,463	913,734
Marina Fund			85,054	111,765	85,054	111,765
Total expenses	<u>80,180,992</u>	<u>89,483,248</u>	<u>1,233,377</u>	<u>1,299,406</u>	<u>81,414,369</u>	<u>90,782,654</u>
Change in net assets before transfers	2,374,815	2,205,173	(110,880)	(75,023)	2,263,935	2,130,150
Transfers	(95,000)	(95,000)	95,000	95,000	-	-
Change in net assets	<u>2,279,815</u>	<u>2,110,173</u>	<u>(15,880)</u>	<u>19,977</u>	<u>2,263,935</u>	<u>2,130,150</u>
Net Assets at Beginning of Year	<u>18,399,312</u>	<u>16,289,139</u>	<u>1,886,669</u>	<u>1,866,692</u>	<u>20,285,981</u>	<u>18,155,831</u>
Net Assets at End of Year	<u>\$ 20,679,127</u>	<u>\$ 18,399,312</u>	<u>\$ 1,870,789</u>	<u>\$ 1,886,669</u>	<u>\$ 22,549,916</u>	<u>\$ 20,285,981</u>

Governmental Activities

Approximately 79.7% of revenue was derived from property taxes, followed by 14.3% from operating and capital grants, as compared to last fiscal year of 67.7% and 24.3% respectively. A significant part of the shift is the result of the reduction in 2009 in the State of Connecticut contribution for teachers' retirement employee benefits, which had increased in 2008 from the previous fiscal year due to pension obligation bonds issued by the State.

Major factors affecting operations include:

- Property taxes increased by \$3,796,648 over the previous fiscal year or 6.1%.
- Operating grants excluding on-behalf payments for the State of Connecticut for teacher's retirement decreased by \$674,765 or 10%.
- The October 1, 2007 non-physical revaluation was effective as of July 1, 2008. Although the grand list grew \$919,581,179 or 35.98%, there was minimal underlying growth to positively impact revenue without a mill rate increase.

Business-Type Activities

Business-type activities increased the Town's net assets by \$(15,880). Key elements are as follows:

- Charges for services for Business-Type Activities increased by 9.4%. The Waste Transfer Station experienced an operating loss (before nonoperating revenues and transfers) of \$150,304, compared to an operating loss of \$101,929 in the prior fiscal year.
- The Marina Fund experienced an increase in net assets of \$84,640 from the prior fiscal year and is reported this year as a major fund on the Proprietary Funds financial statements. The Golf Course, no longer considered a major fund, reported a net asset decrease of \$52,944.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,125,281, an increase of \$13,035,804 in comparison with the prior year. This is partly attributable to the Bonded Projects Fund which reflects \$16,500,000 of general obligation bonds issued during 2009.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$3,550,531. Of this total fund balance, \$1,068,153 is reserved for encumbrances, \$43,175 is reserved for continued appropriations, \$204,502 is reserved for sick leave retirement, and \$2,234,701 is unreserved and undesignated.

The overall fund balance of the Town's General Fund decreased by \$1,132,458 during the current fiscal year and undesignated fund balance decreased by \$324,492. Key factors affecting the General Fund are as follows:

- The Town did not reserve fund balance for the subsequent year's (fiscal year 2009-10) operating budget. At the end of fiscal year 2008, \$1,200,000 was designated for this purpose for fiscal year 2008-09.
- Of the \$1,132,458 decrease in fund balance from the previous fiscal year, \$72,064 represents payments made during the current fiscal year for continuing appropriations from prior years.
- There were no supplemental appropriations approved during the fiscal year.
- Although tax collections were \$3.7 million more than 2008, property taxes, liens and fees were \$303,624 under budget.
- Other local revenues decreased \$258,157 from fiscal year 2008 and were \$1,180,108 under budget. Revenue from interest income decreased by \$546,601 due to the unanticipated drop in interest rates. Town Clerk revenue also was \$228,548 less than the prior fiscal year. Fire Department ambulance revenue increased by \$22,352.
- Building permits, which decreased \$7,013 from 2008, was \$559,869 under budget due to the unexpected suspension of construction of the Town's largest new commercial development project.
- Revenue from intergovernmental revenue decreased from the prior fiscal year by \$258,157 which was partly attributable to the phasing out of the State school construction interest and principal subsidies on older school construction bonds. Despite this, intergovernmental revenue was \$2,201 greater than budgeted.
- An additional \$43,175 of unexpended appropriations from the fiscal year 2009 operating budget was reserved for Continuing Appropriations.

The Bonded Projects Fund had a fund balance of \$(2,219,621) at the end of the year, an increase of \$14,009,487 from the prior year. This deficit is due to the timing of capital project appropriations and bond authorizations and the issuance of general obligation bonds to fund the expenditures. General Obligation bonds were issued September 15, 2008 in the amount of \$16,500,000.

Other nonmajor governmental funds have a total fund balance of \$2,897,684, an increase of \$262,080 in the current year.

Proprietary Funds

The Town's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall Proprietary Funds net assets total \$1,870,789 at the end of the year.

Unrestricted net assets of the Waste Transfer Fund at the end of the year amounted to \$278,700. The Guilford Public Golf Course Fund has unrestricted net assets of \$(89,235), and the Marina Fund has unrestricted net assets of \$613,407. The total decrease in total net assets for the three funds was \$15,880. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type Activities.

The Internal Service Fund had \$(117,928) in net assets which includes \$794,886 of claims incurred but not reported.

General Fund Budgetary Highlights

As discussed earlier, there were no significant differences between the original budget and the final amended budget. Revenues were under budgetary estimates by \$1,481,531; however, expenditures were less than budgetary estimates by \$1,170,415 (net of supplemental appropriations). On a budgetary basis, revenue exceeded expenditures and transfers out by \$(1,301,862) thus necessitating the need to draw upon all of the \$1,200,000 of designated fund balance. In the current year, revenues increased by 3.5% over the prior year as expenditures increased by 5.4%. Of the \$101,862 reserved for Continuing Appropriations, \$72,064 was expended in the current year. Board of Education expenditures increased by \$2,422,870 or 5.3%.

Capital Asset and Debt Administration

Capital Assets - The Town's investment in capital assets (net of accumulated depreciation) for its Governmental and Business-Type Activities as of June 30, 2009 amounted to \$56,215,312 and \$1,067,917, respectively. This investment in capital assets included infrastructure, land, buildings and improvements, machinery and equipment and vehicles. The total increase in the Town's investment in capital assets for the current fiscal year was \$3,668,388.

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

- Infrastructure of \$1,360,021 was capitalized during the fiscal year.
- Renovations of the Guilford Free Public Library for \$1,790,763, renovations and upgrades to the Adams Middle School for \$966,532 and fixtures, furniture and equipment for the Guilford Free Public Library for \$889,238 accounted for 68.5% of the capital asset additions of \$5,317,872.
- Capital asset disposals amounted to \$1,345,448.

CAPITAL ASSETS (Net of Depreciation)
June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,985,071	\$ 6,985,071	130,000	\$ 130,000	\$ 7,115,071	\$ 7,115,071
Land improvements	1,835,752	1,604,314	698,482	732,240	2,534,234	2,336,554
Infrastructure	13,952,334	14,024,126			13,952,334	14,024,126
Buildings and improvements	12,428,054	12,679,132	217,455	226,768	12,645,509	12,905,900
Machinery and equipment	1,731,747	892,399	21,980	34,498	1,753,727	926,897
Vehicles	2,943,111	2,772,210			2,943,111	2,772,210
Construction in progress	16,339,243	13,589,672			16,339,243	13,589,672
Total	\$ 56,215,312	\$ 52,546,924	\$ 1,067,917	\$ 1,123,506	\$ 57,283,229	\$ 53,670,430

Additional information on the Town's capital assets can be found in Note 3C on pages 36-37 of this report.

Long-Term Debt - At the end of the current fiscal year, the Town had total bonded debt outstanding of \$35,105,002. All of the debt is backed by the full faith and credit of the Town.

OUTSTANDING DEBT
June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 35,105,002	\$ 21,840,002	\$	\$	\$ 35,105,002	\$ 21,840,002
Compensated absences	4,519,277	3,878,494			4,519,277	3,878,494
Total	\$ 39,624,279	\$ 25,718,496	\$ -	\$ -	\$ 39,624,279	\$ 25,718,496

The Town was assigned an "Aa3" rating from Moody's and an AA+ from Fitch for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collection base. The current debt limitation for the Town is \$460,931,688, which is significantly more than the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budget

- The unemployment rate for the Town as of June 30, 2009 was 5.3%, which is an increase from a rate of 4.2% the previous year.

- The Town has ceased its practice of reserving and relying on fund balance for the subsequent year's operating budget. In the past, this use of available fund balance lessened the burden on taxpayers; however, fund balance has fallen to inadequate levels. The restoration and preservation of fund balance is vital to the Town's overall fiscal stability.

The Town's officials considered many factors in formulating the budget for fiscal year 2010. There were several significant challenges to confront: falling interest rates, a decline in real estate sales and building permits, uncertainty in the labor market. In developing the budget officials sought to minimize the tax increase while acknowledging that the demand for many services would increase.

All of these factors were considered in preparing the Town's budget for the 2009-10 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Guilford.

Basic Financial Statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Guilford Library Association
Assets:				
Cash and cash equivalents	\$ 14,485,834	\$ 1,042,739	\$ 15,528,573	\$ 61,100
Investments			-	588,479
Receivables, net:				
Property taxes, current	694,086		694,086	
Due from State, current	1,633,912		1,633,912	
Other receivables	309,710	10,507	320,217	
Inventories	12,115		12,115	
Other assets	494,284		494,284	
Internal balances	87,627	(87,627)	-	
Pension assets	625,969		625,969	
Accounts receivable, noncurrent	988,598		988,598	
Capital assets, nondepreciable	23,324,314	130,000	23,454,314	
Capital assets, net of accumulated depreciation	32,890,998	937,917	33,828,915	
Total assets	<u>75,547,447</u>	<u>2,033,536</u>	<u>77,580,983</u>	<u>649,579</u>
Liabilities:				
Accounts payable and accrued items	5,984,815	78,703	6,063,518	
Interest payable	490,247		490,247	
Unearned revenue	5,279,454	84,044	5,363,498	
Claims incurred but not reported	794,886		794,886	
Noncurrent liabilities:				
Due within one year	3,657,791		3,657,791	
Due in more than one year	38,661,127		38,661,127	
Total liabilities	<u>54,868,320</u>	<u>162,747</u>	<u>55,031,067</u>	<u>-</u>
Net Assets:				
Invested in capital assets, net of related debt	21,558,941	1,067,917	22,626,858	
Unrestricted	(879,814)	802,872	(76,942)	649,579
Total Net Assets	<u>\$ 20,679,127</u>	<u>\$ 1,870,789</u>	<u>\$ 22,549,916</u>	<u>\$ 649,579</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets			Component Unit Guilford Library Association
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 6,375,680	\$ 1,021,400	\$ 965,375	\$ 1,377,893	\$ (3,011,012)	\$	\$ (3,011,012)	\$
Public safety	10,100,317	1,101,183	47,495		(8,951,639)		(8,951,639)	
Public works	3,567,769	34,500	182,896		(3,350,373)		(3,350,373)	
Health and welfare	1,248,584	136,532	146,502		(965,550)		(965,550)	
Culture and recreation	2,623,994	830,334	1,500		(1,792,160)		(1,792,160)	
Education	54,786,648	859,774	8,990,061		(44,936,813)		(44,936,813)	
Interest and fiscal charges	1,478,000			89,671	(1,388,329)		(1,388,329)	
Total governmental activities	80,180,992	3,983,723	10,333,829	1,467,564	(64,395,876)	-	(64,395,876)	-
Business-type activities:								
Guilford Public Golf Course	263,860	210,916				(52,944)	(52,944)	
Waste Transfer Station	884,463	593,263	140,896			(150,304)	(150,304)	
Marina Fund	85,054	164,261				79,207	79,207	
Total business-type activities	1,233,377	968,440	140,896	-	-	(124,041)	(124,041)	-
Total Primary Government	\$ 81,414,369	\$ 4,952,163	\$ 10,474,725	\$ 1,467,564	(64,395,876)	(124,041)	(64,519,917)	-
Component unit:								
Guilford Library Association	\$ 2,560,730	\$ 35,593	\$ 282,137	\$ -				(2,243,000)
General revenues:								
Property taxes					65,825,666		65,825,666	
Grants and contributions not restricted to specific programs					538,456		538,456	1,309,830
Unrestricted investment earnings					378,923	13,161	392,084	21,139
Miscellaneous					27,646		27,646	
Transfers					(95,000)	95,000	-	
Total general revenues and transfers					66,675,691	108,161	66,783,852	1,330,969
Change in net assets					2,279,815	(15,880)	2,263,935	(912,031)
Net Assets at Beginning of Year					18,399,312	1,886,669	20,285,981	1,561,610
Net Assets at End of Year					\$ 20,679,127	\$ 1,870,789	\$ 22,549,916	\$ 649,579

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General</u>	<u>Bonded Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,171,489	\$ 65,460	\$ 2,985,592	\$ 14,222,541
Property taxes receivable, net	504,883			504,883
Due from other governments		500,000	556,985	1,056,985
Other receivables, net	204,741		43,365	248,106
Due from other funds	2,781,230			2,781,230
Other assets			12,115	12,115
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,662,343</u>	<u>\$ 565,460</u>	<u>\$ 3,598,057</u>	<u>\$ 18,825,860</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 5,261,356	\$ 615,801	\$ 107,658	\$ 5,984,815
Due to other funds	352,061	2,272,593	421,010	3,045,664
Deferred revenue	5,498,395		171,705	5,670,100
Total liabilities	<u>11,111,812</u>	<u>2,888,394</u>	<u>700,373</u>	<u>14,700,579</u>
Fund balances:				
Reserved:				
Encumbrances	1,068,153			1,068,153
Continued appropriations	43,175			43,175
Sick leave retirement	204,502			204,502
Program expenditures			62,500	62,500
Unreserved:				
General fund	2,234,701			2,234,701
Special revenue funds			2,731,871	2,731,871
Capital projects funds		(2,322,934)	103,313	(2,219,621)
Total fund balances	<u>3,550,531</u>	<u>(2,322,934)</u>	<u>2,897,684</u>	<u>4,125,281</u>
Total Liabilities and Fund Balances	<u>\$ 14,662,343</u>	<u>\$ 565,460</u>	<u>\$ 3,598,057</u>	<u>\$ 18,825,860</u>

(Continued on next page)

TOWN OF GUILFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

Reconciliation of the Balance Sheet - Governmental Funds

to the Statement of Net Assets:

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

Fund balances - total governmental funds (Exhibit III)	\$ 4,125,281
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 87,737,019	
Less accumulated depreciation	<u>(31,521,707)</u>	
Net capital assets		56,215,312

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

Net bond costs	494,284
Pension assets	625,969
Property tax receivables greater than 30 days	390,646
Interest receivable on property taxes	189,203
Receivable from the state for school construction projects	1,565,525

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

(117,928)

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

Bonds payable	(35,105,002)
Premium on bond refunding	(448,631)
Interest payable on bonds	(490,247)
Net OPEB obligation	(155,096)
Compensated absences	(4,519,277)
Pension obligation	<u>(2,090,912)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 20,679,127</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Bonded Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 65,708,244	\$	\$	\$ 65,708,244
Intergovernmental revenues	9,129,571	564,278	2,204,057	11,897,906
Other local revenues	2,506,759	874,128	1,992,104	5,372,991
Total revenues	<u>77,344,574</u>	<u>1,438,406</u>	<u>4,196,161</u>	<u>82,979,141</u>
Expenditures:				
Current:				
General government	4,503,339		1,253,563	5,756,902
Public safety	7,438,710		167,838	7,606,548
Public works	2,371,512			2,371,512
Health and welfare	868,640		111,454	980,094
Culture and recreation	1,266,141		808,960	2,075,101
Education	52,451,290		1,965,866	54,417,156
Pension and other employee benefits	4,388,629			4,388,629
Debt service:				
Principal retirement	3,235,000			3,235,000
Interest	1,359,738			1,359,738
Capital outlay	220,538	3,937,119		4,157,657
Total expenditures	<u>78,103,537</u>	<u>3,937,119</u>	<u>4,307,681</u>	<u>86,348,337</u>
Deficiency of Revenues over Expenditures	<u>(758,963)</u>	<u>(2,498,713)</u>	<u>(111,520)</u>	<u>(3,369,196)</u>
Other Financing Sources (Uses):				
Issuance of bonds		16,500,000		16,500,000
Transfers in from other funds	19,142		392,750	411,892
Transfers out to other funds	(392,637)	(95,113)	(19,142)	(506,892)
Total other financing sources (uses)	<u>(373,495)</u>	<u>16,404,887</u>	<u>373,608</u>	<u>16,405,000</u>
Net Change in Fund Balances	(1,132,458)	13,906,174	262,088	13,035,804
Fund Balances at Beginning of Year	<u>4,682,989</u>	<u>(16,229,108)</u>	<u>2,635,596</u>	<u>(8,910,523)</u>
Fund Balances at End of Year	<u>\$ 3,550,531</u>	<u>\$ (2,322,934)</u>	<u>\$ 2,897,684</u>	<u>\$ 4,125,281</u>

(Continued on next page)

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 13,035,804
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Governmental funds report capital outlays as expenditures. However, in the statement of
activities the cost of those assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	6,145,288
Depreciation expense	(2,438,583)
Loss on disposition of capital assets	(38,317)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds.

Property taxes collected after 30 days	80,095
Interest income on property taxes	38,129
Intergovernmental revenue on school bonds	(556,414)

Change in pension assets	120,092
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources
to governmental funds, while the repayment of the principal of long-term debt consumes the
current financial resources of governmental funds. Neither transaction, however, has any
effect on net assets. Also, governmental funds report the effect of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items.

Accrued interest	(117,955)
Bond issuance	(16,500,000)
Principal payments	3,235,000

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

Amortization of current year bond discount	47,604
Amortization of current year bond costs	(47,911)
Change in net OPEB obligation	(155,096)
Change in long-term compensated absences	(640,783)
Change in pension obligation	(344,589)

The net expense of the internal service funds is reported with governmental activities.	<u>417,451</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u><u>\$ 2,279,815</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes, interest and lien fees	\$ 66,011,868	\$ 66,011,868	\$ 65,708,244	\$ (303,624)
Intergovernmental revenues	4,456,070	4,456,070	4,458,271	2,201
Other local revenues	<u>3,783,880</u>	<u>3,783,880</u>	<u>2,603,772</u>	<u>(1,180,108)</u>
Total revenues	<u>74,251,818</u>	<u>74,251,818</u>	<u>72,770,287</u>	<u>(1,481,531)</u>
Expenditures:				
Current:				
General government	4,725,028	4,781,204	4,505,170	276,034
Public safety	7,608,471	7,698,057	7,422,564	275,493
Public works	2,450,699	2,450,699	2,354,026	96,673
Health and welfare	895,846	895,846	876,690	19,156
Culture and recreation	1,350,449	1,350,449	1,266,141	84,308
Education	48,170,968	48,170,968	48,019,810	151,158
Pension and other employee benefits	4,675,593	4,529,831	4,388,629	141,202
Debt service	4,669,894	4,669,894	4,594,738	75,156
Capital outlay	<u>809,870</u>	<u>809,870</u>	<u>758,635</u>	<u>51,235</u>
Total expenditures	<u>75,356,818</u>	<u>75,356,818</u>	<u>74,186,403</u>	<u>1,170,415</u>
Deficiency of Revenues over Expenditures	(1,105,000)	(1,105,000)	(1,416,116)	(311,116)
Other Financing Uses:				
Transfers out	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
Deficiency of Revenues over Expenditures and Other Uses Before Continuing Appropriations	(1,200,000)	(1,200,000)	(1,511,116)	(311,116)
Continuing Appropriations	<u>101,862</u>	<u>101,862</u>	<u>72,064</u>	<u>29,798</u>
Deficiency of Revenues over Expenditures, Other Uses and Continuing Appropriations	<u>\$ (1,301,862)</u>	<u>\$ (1,301,862)</u>	(1,583,180)	<u>\$ (281,318)</u>
Fund Balance at Beginning of Year			<u>4,065,557</u>	
Fund Balance at End of Year			<u>\$ 2,482,377</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Fund			
	Marina Fund	Total Nonmajor Funds	Total	Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 707,367	\$ 335,372	\$ 1,042,739	\$ 263,293
Accounts receivable, net	446	10,061	10,507	61,604
Due from other funds			-	352,061
Total current assets	<u>707,813</u>	<u>345,433</u>	<u>1,053,246</u>	<u>676,958</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	<u>233,680</u>	<u>834,237</u>	<u>1,067,917</u>	
Total assets	<u>941,493</u>	<u>1,179,670</u>	<u>2,121,163</u>	<u>676,958</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued items	10,362	68,341	78,703	
Due to other funds		87,627	87,627	
Deferred revenue	84,044	-	84,044	
Total current liabilities	<u>94,406</u>	<u>155,968</u>	<u>250,374</u>	<u>-</u>
Noncurrent liabilities:				
Claims incurred but not reported			-	794,886
Total liabilities	<u>94,406</u>	<u>155,968</u>	<u>250,374</u>	<u>794,886</u>
Net Assets:				
Invested in capital assets	233,680	834,237	1,067,917	
Unrestricted	<u>613,407</u>	<u>189,465</u>	<u>802,872</u>	<u>(117,928)</u>
Total Net Assets	<u>\$ 847,087</u>	<u>\$ 1,023,702</u>	<u>\$ 1,870,789</u>	<u>\$ (117,928)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Fund			
	Marina Fund	Total Nonmajor Funds	Total	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 164,261	\$ 804,179	\$ 968,440	\$ 10,840,218
Intergovernmental		140,896	140,896	
Total operating revenues	<u>164,261</u>	<u>945,075</u>	<u>1,109,336</u>	<u>10,840,218</u>
Operating Expenses:				
Salaries, wages and employee benefits	74,370	1,103,418	1,177,788	
Medical claims			-	9,740,180
Depreciation expense	10,684	44,905	55,589	
Other expenses			-	686,673
Total operating expenses	<u>85,054</u>	<u>1,148,323</u>	<u>1,233,377</u>	<u>10,426,853</u>
Operating Income (Loss)	79,207	(203,248)	(124,041)	413,365
Nonoperating Revenues:				
Income on investments	<u>5,433</u>	<u>7,728</u>	<u>13,161</u>	<u>4,086</u>
Income (Loss) Before Transfers	84,640	(195,520)	(110,880)	417,451
Transfers In		<u>95,000</u>	<u>95,000</u>	
Change in Net Assets	84,640	(100,520)	(15,880)	417,451
Net Assets at Beginning of Year	<u>762,447</u>	<u>1,124,222</u>	<u>1,886,669</u>	<u>(535,379)</u>
Net Assets at End of Year	<u>\$ 847,087</u>	<u>\$ 1,023,702</u>	<u>\$ 1,870,789</u>	<u>\$ (117,928)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major Fund	Total		
	Marina Fund	Nonmajor Funds	Total	Internal Service Fund
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 167,212	\$ 955,362	\$ 1,122,574	\$ 10,778,614
Payments to suppliers	(31,108)	(214,383)	(245,491)	(1,042,638)
Payments to employees	(46,327)	(961,638)	(1,007,965)	(9,740,180)
Net cash provided by (used in) operating activities	<u>89,777</u>	<u>(220,659)</u>	<u>(130,882)</u>	<u>(4,204)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in from other funds		95,000	95,000	
Net cash provided by noncapital financing activities	<u>-</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>5,433</u>	<u>7,728</u>	<u>13,161</u>	<u>4,086</u>
Net cash provided by investing activities	<u>5,433</u>	<u>7,728</u>	<u>13,161</u>	<u>4,086</u>
Net Increase (Decrease) in Cash and Cash Equivalents	95,210	(117,931)	(22,721)	(118)
Cash and Cash Equivalents at Beginning of Year	<u>612,157</u>	<u>453,303</u>	<u>1,065,460</u>	<u>263,411</u>
Cash and Cash Equivalents at End of Year	<u>\$ 707,367</u>	<u>\$ 335,372</u>	<u>\$ 1,042,739</u>	<u>\$ 263,293</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 79,207	\$ (203,248)	\$ (124,041)	\$ 413,365
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	10,684	44,905	55,589	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(446)	10,287	9,841	(61,604)
Increase (decrease) in due to other funds	(2,712)	(134,286)	(136,998)	(406,078)
Increase (decrease) in deferred revenue	3397		3,397	
Increase (decrease) in accounts payable and accrued items	(353)	61,683	61,330	50,113
Total adjustments	<u>10,570</u>	<u>(17,411)</u>	<u>(6,841)</u>	<u>(417,569)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 89,777</u>	<u>\$ (220,659)</u>	<u>\$ (130,882)</u>	<u>\$ (4,204)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Pension Trust Funds</u>	<u>Agency Fund Student Activity Funds</u>
Assets:		
Cash and cash equivalents	\$ 2,331,051	\$ 354,237
Interest receivable	185,735	
Investments, at fair value:		
U.S. Government obligations	6,832,893	
Domestic and international stocks	18,819,821	
Other fixed income	780,801	
Total assets	28,950,301	354,237
Liabilities:		
Fiduciary deposits	-	354,237
Net Assets:		
Held in Trust for Pension Benefits and Other Purposes	\$ <u>28,950,301</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,243,332
Plan members	302,460
Total contributions	<u>1,545,792</u>
Investment earnings (losses):	
Net decrease in fair value of investments	(4,385,073)
Interest	609,550
Dividends	523,853
Total investment loss	<u>(3,251,670)</u>
Less investment expenses:	
Investment management fees	303,139
Net investment loss	<u>(3,554,809)</u>
Total reductions	(2,009,017)
Deductions:	
Benefits	<u>1,126,664</u>
Change in Net Assets	(3,135,681)
Net Assets at Beginning of Year	<u>32,085,982</u>
Net Assets at End of Year	<u>\$ 28,950,301</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GUILFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Guilford, Connecticut, was incorporated in 1639. It operates under the Board of Selectmen/Board of Finance form of government and provides the following services: public safety (police and fire), public works, health and welfare, culture, recreation, education and general government.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Discretely presented component units are presented in a separate column in the government-wide financial statements (see below for description) to emphasize that they are legally separate from the government.

Discretely Presented Component Unit

The Guilford Library Association (the Library) is included in the Town's Comprehensive Annual Financial Report as a discretely presented component unit. The Library is a not-for-profit organization incorporated under the laws of the State of Connecticut. Although, it is legally separate from the Town of Guilford, the Library is presented discretely as it is fiscally dependent upon the Town. The Town contributes almost seventy percent (70%) of the Library's annual operating budget. The Library does not provide services primarily to the Town, but to its citizens.

The Guilford Library Association does not have separate audited financial statements.

B. Basis of Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town's primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally

are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The *Bonded Projects Fund* accounts for funds to be used for improvements to educational facilities, athletic fields and land acquisition.

The Town reports the following major proprietary fund:

The *Marina Fund* is used to account for funds used for dredging operations of the marina.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursement basis. The self-insurance fund is the Town's only internal service fund and is used to account for the medical insurance benefits provided to Town employees.

The *Pension Trust Fund* is used to account for the three single-employer defined-benefit pension plans maintained by the Town for full-time employees: Employees' Pension Plan, Police Retirement Fund and Public School Employees' Pension Plan.

The *Agency Funds* account for monies from various self-funding school activity programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services.

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes receivable at June 30, 2009 are stated net of allowance for uncollectible accounts of \$50,000.

G. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land	-
Building and improvements	25-40
Construction in progress	-
Land improvements	20
Vehicles	5-15
Machinery and equipment	5-15

H. Compensated Absences

Based on union contracts, certain employees may accumulate a certain amount of unused sick leave until retirement, termination or death, at which time the accumulated amounts become vested and the employee is paid a percentage of the accumulated sick leave. The amount recorded as a liability is based upon current salary levels. Vacation time earned during the fiscal year may, in some situations, be carried over to the next fiscal year. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Net Pension Assets/Obligations

Governmental Funds:

The net pension asset/obligation represents the cumulative difference between the annual pension cost and the Town's contributions to the plans. This amount is calculated on an actuarial basis and is recorded as a noncurrent asset and a noncurrent liability, accordingly, in the government-wide financial statements.

J. Long-Term Obligations

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

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

K. Equity

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The primary government and the component unit currently have no assets under restriction.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Reserved Fund Balance - A portion of fund balance that is not available for appropriation or is legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - Represents tentative management plans that are subject to change.

Unreserved Fund Balance - Serves as a measure of current available financial resources.

L. Property Taxes

Property taxes are assessed as of October 1 and billed the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. A lien is placed on the property if real estate taxes are unpaid as of June 30 following the payable date.

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 to be used to pay liabilities of the current period. The Town defines the current period to mean within 30 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial

statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

M. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is prepared by the Board of Selectmen in conjunction with the Board of Finance and employed for management control of the General Fund.

The budget is adopted by referendum.

Budgetary control is maintained at the department level. The Board of Finance may make budget transfers between departments and supplemental appropriations that, in the aggregate, do not exceed 1% of the approved budget. Transfers and supplemental appropriations in excess of this amount must be approved at the Town meeting. Management does not have the authority to change the budget between departments. Transfers from the contingency account are excluded from the 1% determination. During the year, no supplemental budgetary appropriations were approved. Except for those appropriations approved for continuance by the Board of Finance, unencumbered appropriations lapse at year end.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as reservations of fund balance.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with GAAP. A reconciliation of revenues, expenditures and fund balance of the General Fund between the accounting treatment required by GAAP and budgetary requirements is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 72,770,287	\$ 74,353,467	\$ 2,482,377
Encumbrances June 30, 2008		617,432	
Encumbrances June 30, 2009		(1,068,154)	1,068,154
Encumbrances cancelled	(77,871)	(77,871)	
State Teachers' Retirement on-behalf payment	3,532,529	3,532,529	
Excess Cost Grant	<u>1,138,771</u>	<u>1,138,771</u>	
Balance, GAAP Basis	\$ <u><u>77,363,716</u></u>	\$ <u><u>78,496,174</u></u>	\$ <u><u>3,550,531</u></u>

B. Deficit Fund Equity

For the year ended June 30, 2009, the following funds had deficit balances:

Bonded Projects Fund	\$ 2,322,934
Internal Service Fund	117,928
Nonmajor Governmental Funds:	
Adult Education	3,889
Police Outside Service Fund	2,136
Miscellaneous Special Grants Fund	21,194

These amounts will be funded through bonds, contributions and future revenues.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

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

Deposits

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$6,027,822 of the Town's bank balance of \$6,527,822 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,502,756
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>525,066</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 6,027,822</u></u>

At June 30, 2009, the entire amount of the component unit's deposits was covered by federal depository insurance.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2009, the Town's cash equivalents amounted to \$8,999,319. The following table provides summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
State of Connecticut Short-Term Investment Fund (STIF)	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		Aaa	AAA

At June 30, 2009, the component unit's cash equivalents include a Schwab money market account of \$61,100 for which the rating is unavailable.

Investments

As of June 30, 2009, the Town had the following investments:

Investment Type	Credit Rating	Investment Maturities (Years)			
		Fair Value	Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Treasury Notes	N/A	\$ 896,862	\$	896,862	\$
U.S. Treasury Bonds	N/A	899,777			899,777
U.S. Treasury Strips	Aaa	1,278,853		112,412	1,166,441
U.S. Government Agencies	N/A	3,757,401		3,757,401	
Corporate bonds		780,801		780,801	
		7,613,694	\$ -	\$ 5,547,476	\$ 2,066,218
Other investments:					
Domestic and international stocks	N/A	18,819,821			
Total Investments		\$ 26,433,515			

At June 30, 2009, the component unit's investments include mutual funds of \$588,479 with no rating.

Investment Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party.

Credit Risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments in obligations of any state or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk - The Town places no limit on the amount invested in any one issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

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.

The Pension Trust Fund is also authorized to invest in corporate bonds, domestic common stocks, domestic equity real estate and international equities. The investments of this fund are held in trust by a trustee bank, which executes investment transactions under the direction of the pension plan's investment manager.

B. Receivables

Receivables by type at year end for the Town's government-wide financial statements, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Property Taxes</u>	<u>Interest and Lien Fees</u>	<u>Due From State</u>	<u>Other Receivables</u>
Current portion	\$ 554,883	\$ 189,203	\$ 1,633,912	\$ 309,710
Long-term portion			988,598	
Less allowance for uncollectible accounts	<u>(50,000)</u>	<u> </u>	<u> </u>	<u> </u>
Net Accounts Receivable	<u>\$ 504,883</u>	<u>\$ 189,203</u>	<u>\$ 2,622,510</u>	<u>\$ 309,710</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 390,646	\$
Property taxes collected in advance		5,107,749
Special Revenue Fund - Special Education Grants:		
Various education grants	<u> </u>	<u>171,705</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 390,646</u>	<u>\$ 5,279,454</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,985,071	\$	\$	\$ 6,985,071
Construction in progress	13,589,672	3,238,125	488,554	16,339,243
Total capital assets not being depreciated	<u>20,574,743</u>	<u>3,238,125</u>	<u>488,554</u>	<u>23,324,314</u>
Capital assets being depreciated:				
Buildings and improvements	29,246,330	87,874		29,334,204
Infrastructure	19,896,228	1,360,021		21,256,249
Land improvements	1,772,066	277,640		2,049,706
Machinery and equipment	2,409,090	1,019,108		3,428,198
Vehicles	8,506,117	651,074	812,843	8,344,348
Total capital assets being depreciated	<u>61,829,831</u>	<u>3,395,717</u>	<u>812,843</u>	<u>64,412,705</u>
Less accumulated depreciation for:				
Buildings and improvements	16,567,198	338,952		16,906,150
Infrastructure	5,872,102	1,431,813		7,303,915
Land improvements	167,752	46,202		213,954
Machinery and equipment	1,516,691	179,760		1,696,451
Vehicles	5,733,907	441,856	774,526	5,401,237
Total accumulated depreciation	<u>29,857,650</u>	<u>2,438,583</u>	<u>774,526</u>	<u>31,521,707</u>
Total capital assets being depreciated, net	<u>31,972,181</u>	<u>957,134</u>	<u>38,317</u>	<u>32,890,998</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,546,924</u>	<u>\$ 4,195,259</u>	<u>\$ 526,871</u>	<u>\$ 56,215,312</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 130,000	\$	\$	\$ 130,000
Capital assets being depreciated:				
Buildings and improvements	384,530			384,530
Land improvements	959,317			959,317
Machinery and equipment	660,076			660,076
Total capital assets being depreciated	<u>2,003,923</u>	<u>-</u>	<u>-</u>	<u>2,003,923</u>
Less accumulated depreciation for:				
Buildings and improvements	157,762	9,313		167,075
Land improvements	227,077	33,758		260,835
Machinery and equipment	625,578	12,518		638,096
Total accumulated depreciation	<u>1,010,417</u>	<u>55,589</u>	<u>-</u>	<u>1,066,006</u>
Total capital assets being depreciated, net	<u>993,506</u>	<u>(55,589)</u>	<u>-</u>	<u>937,917</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,123,506</u>	<u>\$ (55,589)</u>	<u>\$ -</u>	<u>\$ 1,067,917</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 22,691
Public safety	432,847
Public works	1,621,523
Health and welfare	1,156
Education	86,477
Culture and recreation	<u>273,889</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>2,438,583</u></u>
Business-type activities:	
Guilford Public Golf Course	\$ 28,637
Waste Transfer Station	16,268
Marina	<u>10,684</u>
Total Depreciation Expense - Business-Type Activities	\$ <u><u>55,589</u></u>

Construction Commitments

The government has active construction projects as of June 30, 2009. The projects include renovations and/or additions at the Guilford Library and Adams Middle School. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Guilford Library renovations and addition	\$ 5,711,926	\$ 5,000
Adams Middle School window replacement	<u>380,383</u>	<u>30,842</u>
	\$ <u><u>6,092,309</u></u>	\$ <u><u>35,842</u></u>

The commitments are being financed with bond anticipation notes and state and federal grants.

D. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bonded Projects Fund	\$ 2,272,593
	Nonmajor governmental funds	421,010
	Nonmajor business-type funds	87,627
Internal Service Fund	General Fund	<u>352,061</u>
Total		\$ <u><u>3,133,291</u></u>

All balances are expected to be repaid within a year.

Interfund transfers are generally used to supplement revenues of other funds. The transfers that occurred during the year are as follows:

	Transfers in			
	Nonmajor Governmental Funds	Nonmajor Business- Type Fund	General Fund	Total Transfers Out
Transfers out:				
General Fund	\$ 297,637	\$ 95,000	\$	\$ 392,637
Bonded Projects Fund	95,113			95,113
Nonmajor Governmental Funds			19,142	19,142
Total Transfers In	<u>\$ 392,750</u>	<u>\$ 95,000</u>	<u>\$ 19,142</u>	<u>\$ 506,892</u>

In addition, the primary government transferred \$1,309,830 to its discretely-presented component unit, the Guilford Library Association, for salaries, benefits and supplies.

E. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Bond anticipation note transactions for the year ended June 30, 2009 were as follows:

Outstanding, June 30, 2008	\$ 14,185,000
Repayments	<u>(14,185,000)</u>
Outstanding, June 30, 2009	<u>\$ -</u>

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 21,840,002	\$ 16,500,000	\$ 3,235,000	\$ 35,105,002	\$ 3,305,000
Plus deferred amounts:					
Issuance premium on refunding	488,642		47,098	441,544	
Issuance premium on general obligation bonds	<u>7,593</u>		<u>506</u>	<u>7,087</u>	
Total bonds payable	22,336,237	16,500,000	3,282,604	35,553,633	3,305,000
Net OPEB obligation		155,096		155,096	
Compensated absences	3,878,494	1,186,554	545,771	4,519,277	352,791
Pension obligation	<u>1,746,323</u>	<u>344,589</u>		<u>2,090,912</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 27,961,054</u>	<u>\$ 18,186,239</u>	<u>\$ 3,828,375</u>	<u>\$ 42,318,918</u>	<u>\$ 3,657,791</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$1,565,525 will be used to repay respective debt; however, the Town is liable for all outstanding bonds.

General obligation bonds currently outstanding are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Annual Principal	Balance Outstanding June 30, 2009
General purpose:						
General obligation	8/15/00	2/15/13	4.8-5%	\$ 370,000	various	\$ 104,000
General obligation	3/1/01	3/1/13	4-4.5%	655,000	various	80,000
General obligation	11/15/02	8/15/22	2.25-4.75%	3,824,000	various	2,176,000
General obligation	11/15/02	8/15/18	2-4.375%	5,210,769	various	3,880,412
General obligation	11/1/04	11/1/24	3-4.375%	4,900,000	various	4,110,000
General obligation	9/15/08	9/15/28	3.5-4.625%	10,534,768	various	10,534,768
Total general purpose				<u>25,494,537</u>		<u>20,885,180</u>
School:						
School improvement	8/15/00	2/15/13	4.8-5%	3,170,000	various	896,000
School improvement	3/1/01	3/1/13	4-4.5%	7,510,000	various	2,030,000
School improvement	11/15/02	8/15/22	2.25-4.75%	656,000	various	974,000
School improvement	11/15/02	8/15/18	2-4.375%	5,524,231	various	4,114,590
School improvement	11/1/04	11/1/24	3-4.375%	320,000	various	240,000
School improvement	9/15/08	9/15/28	3.5-4.625%	5,965,232	various	5,965,232
Total school				<u>23,145,463</u>		<u>14,219,822</u>
Total Outstanding				<u>\$ 48,640,000</u>		<u>\$ 35,105,002</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities	
	Principal	Interest
2010	\$ 3,305,000	\$ 1,442,731
2011	3,555,000	1,278,401
2012	3,585,000	1,117,424
2013	2,280,000	988,862
2014	1,780,000	891,543
2015-2019	8,800,002	3,393,043
2020-2024	6,900,000	1,812,689
2025-2029	<u>4,900,000</u>	<u>535,000</u>
Total	<u>\$ 35,105,002</u>	<u>\$ 11,459,693</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2009 is \$25,681,015. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

4. EMPLOYEE RETIREMENT PLAN

A. Pension Trust Fund

The Town of Guilford maintains three single-employer defined-benefit pension plans for full-time employees: Employees' Pension Plan, Police Retirement Fund and Public School Employees' Pension Plan. The plans are considered to be part of the Town of Guilford's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds. Stand-alone financial statements are not issued for these plans.

Plan Description

Employees' Pension Plan

All full-time employees, except members of the State of Connecticut Teachers' Retirement System, employees of the police department and employees of the public works department, who elect to become members of the Teamsters Union Local No. 443, are eligible to participate in the Employees' Pension Plan. The Plan provides retirement benefits as well as death and disability benefits. Annual retirement benefits for Plan participants equals 2% of an employee's "compensation base" (average of the employee's highest four consecutive annual salaries), multiplied by the number of years of credited service. Effective July 1, 2003, for all Guilford Supervisors Association Members, a compensation base of 2.5% would be considered for calculating the retirement benefits. Article XIII of the plan document, as well as the provisions of any applicable collective bargaining agreement, provide the authority under which benefit provisions are established or amended.

Police Retirement Fund

All regular full-time employees of the Guilford Police Department are eligible to participate in the Police Retirement Fund. The Plan provides retirement benefits as well as death and disability benefits. Annual retirement benefits equal 2% of an employee's "compensation base" (average of the employee's highest two consecutive annual salaries), multiplied by the number of years of credited service. Article XIII of the plan document, as well as the provisions of any applicable collective bargaining agreement, provide the authority under which benefit provisions are established or amended.

Public School Employees' (Noncertified) Pension Plan

All regular full-time employees of the Town school system, other than instruction and supervisory staff, are eligible to participate in the Public School Employees' (Noncertified) Pension Plan. The Plan provides retirement benefits as well as death and disability benefits. Annual retirement benefits for Plan participants are 1.5% of an employee's "compensation base" (average of the employee's highest four or five consecutive annual salaries), multiplied by the number of years of credited service. Article XIII of the plan document, as well as the provisions of any applicable collective bargaining agreement, provide the authority under which benefit provisions are established or amended.

At July 1, 2008, Plan membership consisted of the following:

	Employees' Pension Plan	Police Retirement Fund	Public School Employees' Pension Plan
Retirees and beneficiaries currently receiving benefits	16	31	36
Vested terminated employees	7	4	14
Active employees	113	36	170
Total Participants	136	71	220

Summary of Significant Accounting Policies

Basis of Accounting - Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments - Investments are reported at market value. Investment income is recognized as earned.

Funding Policy

Employees' Pension Plan

This Plan provides for employee contributions of up to 2.5% of straight-time earnings, for Guilford Supervisors Association members, 3% of straight-time earnings. The Town is required by its Charter to contribute amounts necessary to fund the Plan. Employer contributions to the Plan of \$507,963 were made in accordance with actuarially determined requirements. These contributions represent 10.0% of covered payroll of \$5,682,950. State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the Plan to the Town of Guilford.

Administrative costs of the Plan are financed through investment earnings.

Police Retirement Fund

Plan provisions require employee contributions of 6% of salary. The Town is required by its Charter to contribute amounts necessary to fund the Plan. Employer contributions to the Plan of \$575,269 were made in accordance with actuarially determined requirements. These contributions represent 28.5% of covered payroll of \$2,376,464. State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the Plan to the Town of Guilford.

Administrative costs of the Plan are financed through investment earnings.

Public School Employees' (Noncertified) Pension Plan

Employees are not required to contribute to the Plan. The Town is required by its Charter to contribute amounts necessary to fund the Plan. Employer contributions to the Plan of \$160,100 were made in accordance with actuarially determined requirements. These contributions represent 9.6% of covered payroll of \$5,131,255. The State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the Plan to the Town of Guilford Board of Education.

Administrative costs of the Plan are financed through investment earnings.

Annual Pension Cost and Net Pension Obligations

The Town of Guilford's annual pension cost and net pension obligation to the Town of Guilford Pension Plans for the year ended June 30, 2009 were as follows:

	Employees' Pension Plan	Police Retirement Fund	Public School Employees' Pension Plan	Total
Annual required contribution (ARC)	\$ 536,992	\$ 449,821	\$ 494,148	\$ 1,480,961
Interest on net pension obligation	35,085	(35,411)	87,157	86,831
Adjustment to annual required contribution	(40,392)	40,767	(100,338)	(99,963)
Annual pension cost	531,685	455,177	480,967	1,467,829
Contributions made	507,963	575,269	160,100	1,243,332
Increase (decrease) in net pension obligation	23,722	(120,092)	320,867	224,497
Net pension obligation (benefit), beginning of year	501,221	(505,877)	1,245,102	1,240,446
Net Pension Obligation (Benefit), End of Year	\$ <u>524,943</u>	\$ <u>(625,969)</u>	\$ <u>1,565,969</u>	\$ <u>1,464,943</u>

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) a 7% investment rate of return and (b) 2.5% to 6% projected salary increases. The assumptions did not include inflation or post-retirement benefit increases. The actuarial value of assets was determined using a 3-year moving average of market value. The unfunded actuarial accrued liability is being amortized as a level dollar amount using 30-year amortization, on a closed basis.

Three-Year Trend Information

Fiscal Year Ended		Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension (Benefit) Obligation
Town Employees:					
6/30/07	\$	539,189	\$ 429,700	79.7%	\$ 545,214
6/30/08		510,490	554,483	108.6	501,221
6/30/09		531,685	507,963	95.5	524,943
Police Retirement:					
6/30/07		470,377	418,600	89.0	(323,294)
6/30/08		447,937	630,520	140.8	(505,877)
6/30/09		455,147	575,269	126.4	(625,999)
Public Schools:					
6/30/07		450,455	144,146	32.0	967,049
6/30/08		429,452	151,399	35.0	1,245,112
6/30/09		480,967	160,100	33.3	1,565,969

Funded Status and Funding Progress - Pension Plans

The funded status of each plan as of July 1, 2008, the most recent actuarial valuation date, is as follows:

Plan Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
Town	\$ 11,621,328	\$ 12,977,368	\$ (1,356,040)	89.55%	\$ 5,682,950	(23.86)%
Police	10,398,065	14,823,830	(4,425,765)	70.14%	2,376,464	(186.23)%
Public Schools	9,655,908	9,532,740	123,168	101.29%	5,131,255	35.42%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

	Pension Trust Funds			
	Employee's Pension Plan	Police Retirement Fund	Public School Employees' Pension Plan	Total Pension Trust Funds
Assets:				
Cash and cash equivalents	\$ 888,444	\$ 751,220	\$ 691,387	\$ 2,331,051
Interest receivable	70,790	59,856	55,089	185,735
Investments, at fair value:				
U.S. Government obligations	2,604,251	2,202,014	2,026,628	6,832,893
Domestic and international stocks	7,172,882	6,065,001	5,581,938	18,819,821
Other fixed income	297,590	251,626	231,585	780,801
Total investments	10,074,723	8,518,641	7,840,151	26,433,515
Total assets	11,033,957	9,329,717	8,586,627	28,950,301
Net Assets:				
Held in Trust for Pension Benefits and Other Purposes	\$ 11,033,957	\$ 9,329,717	\$ 8,586,627	\$ 28,950,301

	Pension Trust Funds			
	Employee's Pension Plan	Police Retirement Fund	Public School Employees' Pension Plan	Total Pension Trust Funds
Additions:				
Contributions:				
Employer	\$ 507,963	\$ 575,269	\$ 160,100	\$ 1,243,332
Plan members	149,135	153,325	-	302,460
Total contributions	657,098	728,594	160,100	1,545,792
Investment earnings (losses):				
Net decrease in fair value of investments	(1,616,947)	(1,426,067)	(1,342,059)	(4,385,073)
Interest	224,765	198,231	186,554	609,550
Dividends	193,165	170,362	160,326	523,853
Total investment loss	(1,199,017)	(1,057,474)	(995,179)	(3,251,670)
Less investment expenses:				
Investment management fees	111,782	98,582	92,775	303,139
Net investment loss	(1,310,799)	(1,156,056)	(1,087,954)	(3,554,809)
Total reductions	(653,701)	(427,462)	(927,854)	(2,009,017)
Deductions:				
Benefits	143,700	677,481	305,483	1,126,664
Change in net assets	(797,401)	(1,104,943)	(1,233,337)	(3,135,681)
Net Assets at Beginning of Year	11,831,358	10,434,660	9,819,964	32,085,982
Net Assets at End of Year	\$ 11,033,957	\$ 9,329,717	\$ 8,586,627	\$ 28,950,301

B. Teachers Retirement

Teachers participate in a contributory defined benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After ten years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-1831 and 10-1832. The State's contribution to the plan on behalf of the Town of Guilford for the fiscal year ended June 30, 2009 was \$3,532,529 and is recognized in the governmental funds GAAP-basis income statement. This amount is significantly greater than last year, because the State of Connecticut issued pension obligation bonds to partially fund the plan. For the year ended June 30, 2009, teachers of the Town of Guilford contributed \$1,658,454 to the plan, and covered payroll for the year was \$22,875,223.

Effective July 1, 1989, 1% of the mandatory 7% contribution is placed into a fund from which retirees' health insurance premiums will be paid. This 1% contribution is no longer credited to the member's individual account and does not vest.

C. New England Teamsters and Trucking Industry Pension Fund

Pursuant to an agreement between the Town and Teamsters Union Local No. 443, the Town is required to contribute to the New England Teamsters and Trucking Industry Pension Fund, a multiple-employer defined-contribution plan, on behalf of full-time employees in the Public Works Department. The parties, through this agreement, can amend plan provisions and contribution requirements. The Town's required contribution for the fiscal year ended June 30, 2009 was \$5.28 for each hour worked up to a maximum of \$211.20 per week for any one employee. The contribution made during the fiscal year ended June 30, 2009 was \$207,719, which represents 22.0% of covered payroll of \$943,925.

5. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town, in accordance with various collective bargaining agree provides medical, dental and life insurance benefits to eligible retirees and their spouses. The plan covers Town, Police and Fire employees. Benefit provisions are established through negotiations between the Town and the various unions representing the employees. The Town does not issue a stand-alone financial report for the plan.

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

	Retiree Benefit Program
Retired members	14
Spouses of retired members	6
Active plan members	40
	<hr/>
Total Participants	60
	<hr/> <hr/>

Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2009, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

Annual OPEB Cost and Net OPEB Obligations

The Town of Guilford's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

	Retiree Benefit Program
Annual required contribution (ARC)	\$ 237,600
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	237,600
Contributions made	82,504
	<hr/>
Increase in net OPEB obligation	155,096
Net OPEB obligation, beginning of year	-
	<hr/>
Net OPEB Obligation, End of Year	\$ 155,096
	<hr/> <hr/>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2009 is presented below. Data is only presented for the fiscal year ended June 30, 2009, due to this being the year of transition.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/09	\$ 237,600	\$ 82,504	34.7%	\$ 155,096

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$5,288,000, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$5,288,000. The covered annual payroll was \$2,783,206.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 8.13% to 12.13% initially, reduced by decrements to an ultimate rate of 4% after 9 years. The general inflation assumption is 4%. Projected salary increases were 4%. The UAAL will be amortized using a 30 year open-ended amortization period as a level percentage of projected payroll.

6. OTHER INFORMATION

A. Risk Management

The Town of Guilford is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2009.

The Town has chosen to establish a Self-Insurance Fund for risks associated with the employees' health insurance plan. This fund is accounted for as an Internal Service Fund where assets are set aside for claim settlements. A premium is charged to each fund that accounts for full or part-time employees. The total charge allocated to each of the funds is calculated using employee rates determined by the self-insurance administrator.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

		Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2007-08	\$	740,300	\$ 9,369,461	\$ (9,364,988)	\$ 744,773
2008-09		744,773	9,740,180	(9,690,067)	794,886

B. Contingent Liabilities

There are various suits and claims pending against the Town of Guilford, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the Town's financial position.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

C. Subsequent Events

On November 1, 2009, the Town issued \$6,055,000 of general obligation refunding bonds with interest rates ranging from 2.0% to 4.0%. The bonds were issued to refund all or a portion of the aggregate outstanding principal amounts of general obligation bonds of the Town dated August 15, 2000, March 1, 2001 and November 1, 2004. The net proceeds of \$6,172,718 (after an original issue premium of \$211,710 and payment of \$93,992 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund

under an escrow agreement dated December 3, 2009 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunded bonds.

The Town refunded the above bonds to reduce total debt service payments over the next 15 years by approximately \$327,438.

Required Supplementary Information

TOWN OF GUILFORD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUNDS

Analysis of Funding Progress

Plan Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>Town Employees' Pension Plan</i>						
2008	\$ 11,621,328	\$ 12,977,368	\$ 1,356,040	89.55%	\$ 5,682,950	23.86%
2007	10,621,225	12,034,387	1,413,162	88.26	5,252,597	26.90
2006	9,190,430	10,971,072	1,780,642	83.77	4,925,167	36.15
2005	8,532,679	10,175,876	1,643,197	83.85	4,439,156	37.02
2004	8,067,558	9,462,938	1,395,380	85.25	4,167,854	33.48
2003	7,213,490	8,595,523	1,382,033	83.92	4,310,212	32.06
<i>Police Retirement Fund</i>						
2008	\$ 10,398,065	\$ 14,823,830	\$ 4,425,765	70.14%	\$ 2,376,464	186.23%
2007	9,441,369	13,486,011	4,044,642	70.01	2,373,787	170.39
2006	8,336,213	12,793,334	4,457,121	65.16	2,202,483	202.37
2005	7,351,072	11,248,849	3,897,777	65.35	2,252,201	173.07
2004	6,458,339	10,525,528	4,067,189	61.36	2,137,066	190.32
2003	5,787,261	9,980,621	4,193,360	57.98	1,995,295	210.16
<i>Public School Employees' Pension Plan</i>						
2008	\$ 9,655,908	\$ 9,532,740	\$ (123,168)	101.29%	\$ 5,131,255	(2.40)%
2007	9,272,497	9,119,595	(152,902)	101.68	5,068,700	(3.02)
2006	8,256,252	8,502,508	246,256	97.10	4,946,087	4.98
2005	7,583,629	7,746,666	163,037	97.90	4,565,484	3.57
2004	7,167,690	7,367,317	199,627	97.29	4,626,800	4.31
2003	6,502,021	6,675,819	173,798	97.40	4,409,260	3.94

(Continued on next page)

TOWN OF GUILFORD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUNDS (CONTINUED)

Schedule of Employer Contributions

Year Ended	Town Employees		Police Retirement		Public Schools	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 536,992	95%	\$ 449,821	128%	\$ 494,148	32%
6/30/2008	516,262	107%	444,515	142%	439,690	34%
6/30/2007	543,802	79%	466,406	90%	457,450	32%
6/30/2006	474,086	55%	407,844	114%	405,740	35%
6/30/2005	451,075	74%	430,145	116%	388,151	43%
6/30/2004	463,083	76%	431,882	122%	389,902	91%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	7/1/2008
Actuarial cost method	Entry age normal cost
Amortization method	Level Dollar, Closed
Remaining amortization period	30
Asset valuation method	3-Year Moving Average
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	2.5 to 6%
Cost-of-living adjustments	Various

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 Guilford
Guilford, Connecticut

We have represented the Town of Guilford, Connecticut as Bond Counsel in connection with the issuance by the Town of \$18,000,000 General Obligation Bonds, Issue of 2010, dated as of August 15, 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 Guilford 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

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 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 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.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of August 25, 2010 by the Town of Guilford, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$18,000,000 General Obligation Bonds, Issue of 2010, dated as of August 15, 2010 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated August 18, 2010 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2010) as follows:

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

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

- (A) amounts of the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, net direct debt, and total net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,

- (F) gross direct debt, total net direct debt and total net debt of the Issuer per capita,
- (G) ratios of the total direct debt, net direct debt and total net debt of the Issuer to the estimated full valuation of the Issuer's taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

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

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

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

Section 3. Material Events.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall, 31 Park Street, Guilford, Connecticut 06437.

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

Section 8. Miscellaneous.

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

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

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

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

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

TOWN OF GUILFORD

By _____
Joseph S. Mazza
First Selectman

By _____
Sheila W. Villano
Finance Director

APPENDIX D – NOTICE OF SALE AND BID PROPOSAL

**NOTICE OF SALE
\$18,000,000
Town of Guilford, Connecticut
General Obligation Bonds
(BOOK-ENTRY)**

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Guilford, Connecticut at the Office of the First Selectman, 2nd Floor Conference Room, 31 Park Street, Guilford, Connecticut, until **11:00 A.M. (Eastern Daylight Time) on WEDNESDAY,**

AUGUST 18, 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

**\$18,000,000 General Obligation Bonds, Issue of 2010
Payable annually on August 15 as follows:**

**\$750,000 in 2012 to 2013
\$800,000 in 2014 to 2015
\$850,000 in 2016 to 2017
\$900,000 in 2018 to 2019
\$950,000 in 2020 to 2021
\$1,000,000 in 2022 to 2025
\$1,100,000 in 2026 to 2030**

The Bonds will be dated August 15, 2010, with interest payable on August 15, 2011 and thereafter semiannually on each February 15th and August 15th.

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 last business day of July and January.

Redemption. Bonds maturing after August 15, 2015 are subject to redemption prior to maturity, at the option of the Town, on or after August 15, 2015, 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 price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 15, 2015 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one-eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the 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 Guilford Bonds." All proposals should be addressed to Mr. Joseph S. Mazza, First Selectman, Town of Guilford, Office of the First Selectman, 2nd Floor Conference Room, 31 Park Street, Guilford, Connecticut 06437.

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 15, 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 Guilford has prepared a preliminary Official Statement for the Bond issue which is dated August 11, 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 100 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, Independent Bond and Investment Consultants LLC, Madison, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the 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 25, 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 Mr. William N. Lindsay, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (203) 245-9603) or from Ms. Sheila W. Villano, Director of Finance, Town of Guilford, Town Hall, 31 Park Street, Guilford, Connecticut 06437 (telephone: (203) 453-8027).

JOSEPH S. MAZZA,
First Selectman

SHEILA W. VILLANO,
Finance Director

August 11, 2010

PROPOSAL FOR BONDS

August 18, 2010

Mr. Joseph S. Mazza
First Selectman
Town of Guilford
Office of the First Selectman
2nd Floor Conference Room
31 Park Street
Guilford, Connecticut 06437

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated August 11, 2010 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$18,000,000 General Obligation Bonds, Issue of 2010, of the Town of Guilford 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>
2012	\$750,000	_____%	2022	\$1,000,000	_____%
2013	\$750,000	_____%	2023	\$1,000,000	_____%
2014	\$800,000	_____%	2024	\$1,000,000	_____%
2015	\$800,000	_____%	2025	\$1,000,000	_____%
2016	\$850,000	_____%	2026	\$1,100,000	_____%
2017	\$850,000	_____%	2027	\$1,100,000	_____%
2018	\$900,000	_____%	2028	\$1,100,000	_____%
2019	\$900,000	_____%	2029	\$1,100,000	_____%
2020	\$950,000	_____%	2030	\$1,100,000	_____%
2021	\$950,000	_____%			

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 15, 2010
to August 25, 2010 \$ _____

Premium \$ _____