

June 22, 2010

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: TOWN OF LEDYARD, CONNECTICUT
\$6,770,000 General Obligation Bonds, Issue of 2010
Dated: July 1, 2010 Due: July 1, 2011-28**

**Date of Sale: Tuesday, June 29, 2010
Time of Sale: 11:30 A.M. (EDT)**

As per the Notice of Sale, bids are to be opened by Town Officials at FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, CT until 11:30 A.M. (EDT) on Tuesday, June 29, 2010.

Electronic bids via DALCOMP/PARITY for the Bonds will be accepted until 11:30 A.M. (EDT). Telephone bids for the Bonds will be accepted until 11:25 A.M. (EDT).

Every effort will be made to deliver a telephone bid received after 11:25 A.M., but it will be solely the bidder's responsibility if such bid is not received by issuer officials in a timely manner.

Arrangements have been made to assist with delivery of your bid for the above-mentioned Bonds. Should you wish to submit a signed but incomplete bid form in advance of the sale, please direct your proposal to the attention of:

**Ms. Janette J. Marcoux
Senior Vice President
First Southwest Company
628 Hebron Avenue, Suite 306
Glastonbury, Connecticut 06033**

Telephone: 860-290-3000

We ask that you submit your final figures by telephone at **860-290-3000** no later than **11:25 A.M. (EDT) on Tuesday, June 29, 2010.**

FIRSTSOUTHWEST

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 22, 2010

NEW ISSUE

RATING (See “Rating” 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 “FORM OF OPINION OF BOND COUNSEL AND TAX EXEMPTION” herein.

TOWN OF LEDYARD, CONNECTICUT
\$6,770,000 GENERAL OBLIGATION BONDS, ISSUE OF 2010

Dated: July 1, 2010

Maturity Schedule

Due: July 1, as shown below

Due July 1	Principal Amount	Coupon	Yield	CUSIP	Due July 1	Principal Amount	Coupon	Yield	CUSIP
2011	\$ 425,000			523336	2020	\$ 380,000			523336
2012	425,000			523336	2021	375,000			523336
2013	425,000			523336	2022	370,000			523336
2014	380,000			523336	2023	370,000			523336
2015	380,000			523336	2024	370,000			523336
2016	380,000			523336	2025	370,000			523336
2017	380,000			523336	2026	340,000			523336
2018	380,000			523336	2027	340,000			523336
2019	380,000			523336	2028	300,000			523336

Sealed proposals and electronic proposals via PARITY® for the Bonds will be received until 11:30 A.M. (EDT) on Tuesday, June 29, 2010 at FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033 as described in the Notice of Sale. Bidding information for submission as sealed proposals will be received by FirstSouthwest, the Town’s financial advisor, acting as agent for the bidders, by telephone at 860-290-3000 until 11:25 A.M. (EDT) in order to ensure compliance with the 11:30 A.M. (EDT) bid deadline.

Interest on the Bonds will be payable on January 1, 2011 and semiannually thereafter on July 1 and January 1 in each year until maturity.

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

The Bonds will bear interest payable at maturity, will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owners of the Bonds. Purchases of the Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bond Owner, as nominee of DTC, reference herein to the Bond Owner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. See “Book-Entry-Only Transfer System” herein.

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

U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut will certify the Bonds, and act as Registrar, Transfer Agent and Paying Agent for the Bonds.

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 delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company (“DTC”) in New York, New York on or about July 13, 2010.

TABLE OF CONTENTS

	Page		Page
Bond Issue Summary			
I. Bond Information		IV. Tax Base Data	
Introduction	1	Assessments.....	18
Description of the Bonds.....	1	Property Tax Collection Procedures	18
Redemption.....	2	Comparative Assessed Valuations	19
Book-Entry-Only Transfer System	2	Property Tax Levies and Collections	19
DTC Practices.....	4	Ten Largest Taxpayers	19
Security and Remedies	4	Equalized Net Grand List.....	20
Qualification for Financial Institutions	5	V. Financial Information	
Availability of Continuing Disclosure	5	Fiscal Year.....	21
Authorization and Purpose	6	Basis of Accounting	21
Use of Bond Proceeds	6	Budgetary Procedures	21
Rating.....	6	Annual Audit	22
II. The Issuer		Pension Plans.....	22
Description of the Town.....	7	Other Post Employment Benefits	22
Plan of Development and Approval of		Investment Practices.....	23
Capital Expenditures	8	General Fund Revenues and Expenditures	24
Form of Government	8	Analysis of General Fund Equity	24
Principal Town Officials	8	VI. Debt Summary	
Summary of Municipal Services	8	Principal Amount of Indebtedness.....	25
Town Employees	11	Annual Bonded Debt Maturity Schedule	26
Municipal Employees' Bargaining Units	11	Overlapping/Underlying Debt.....	26
Education System	12	Debt Statement	26
School Facilities	12	Current Debt Ratios	27
School Enrollment	12	Bond Authorization	27
III. Economic and Demographic Information		Temporary Financing	27
Population Trends.....	13	Limitation of Indebtedness.....	28
Age Distribution of the Population	13	Statement of Statutory Debt Limitation	28
Income Distribution.....	13	Authorized But Unissued Debt	29
Income Levels	14	Principal Amount of Outstanding Debt	29
Educational Attainment	14	Ratio of Direct Debt to Valuation,	
Major Employers	14	Population, and Income.....	29
Employment by Industry	15	Ratio of Annual Debt Service Expenditures to	
Employment Data	15	Total General Fund Expenditures and Transfers	
Age Distribution of Housing	16	Out.....	29
Housing Inventory	16	VII. Legal and Other Litigation	
Owner-Occupied Housing Values.....	16	Litigation	30
Building Permits	17	Closing Documents to be Furnished at Closing.....	30
Land Use Summary	17	Concluding Statement	30
		Appendix A – Basic Financial Statements	
		Appendix B – Opinion of Bond Counsel and Tax Exemption	
		Appendix C – Form of Continuing Disclosure Agreement for Bonds	
		Appendix D – Notice of Sale	

No dealer, broker, salesman or other person has been authorized by the Town of Ledyard, Connecticut (the "Town") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial 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 in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

BOND ISSUE SUMMARY

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

Date of Sale:	<u>Tuesday, June 29, 2010, 11:30 A.M. (EDT).</u>
Location of Sale:	FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.
Issuer:	Town of Ledyard, Connecticut (the "Town").
Issue:	\$6,770,000 General Obligation Bonds, Issue of 2010, Book-Entry-Only (the "Bonds").
Dated Date:	July 1, 2010.
Interest Due:	January 1 and July 1, in each year until maturity, commencing January 1, 2011.
Principal Due:	Serially, July 1, 2011 through 2028, as detailed in this Official Statement.
Purpose and Authority:	The proceeds of the Bonds, along with general fund monies, will be issued to refund \$9,520,000 in Bond Anticipation Notes maturing on July 13, 2010. The funds were utilized for various capital improvement projects authorized by the voters of the Town of Ledyard.
Redemption:	The Bonds <u>are</u> subject to redemption prior to maturity as more fully described herein.
Security:	The Bonds will be general obligations of the Town of Ledyard, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	Application has been made to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. The Town currently has a credit rating of "Aa2" from Moody's on its 2005 Bond Issue. See "Rating" herein.
Bond Insurance:	The Town does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of dated date.
Tax Exemption	Refer to Appendix B, "Form of Opinion of Bond Counsel and Tax Exemption" herein.
Bank Qualification:	The Bonds <u>will</u> 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.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 13, 2010 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Marcia Hancock, Director of Finance, Town of Ledyard, 741 Colonel Ledyard Highway, Ledyard, Connecticut 06339. Telephone: 860-464-3235.
Financial Advisor:	FirstSouthwest, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033. Attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003.

The Preliminary Official Statement is available in electronic form only at www.i-dealprospectus.com. For additional information please contact the Financial Advisor at janette.marcoux@firstsw.com.

I. BOND INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Ledyard, Connecticut (the “Town”) in connection with the original sale of \$6,770,000 General Obligation Bonds, Issue of 2010, (the “Bonds”) of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated June 22, 2010 has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding on the Bonds.

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. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations 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.

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

First Southwest Company, as Financial Advisor to the Town, has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

An agreement between the Town and First Southwest Company has been entered into to conform to Municipal Securities Rulemaking Board (MSRB) Rule G-23. Under the agreement in which First Southwest Company is acting as Financial Advisor, First Southwest Company has reserved the right to bid on the acquisition of or to participate in this Bond issue or other issues covered by the agreement. The Town has consented to allow First Southwest Company to bid on this Bond issue in compliance with MSRB Rule G-23 (d)(ii).

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

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

DESCRIPTION OF THE BONDS

The Bonds will be dated July 1, 2010 and will mature in annual installments on July 1 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable on January 1, 2011 and semiannually thereafter on July 1 and January 1 in each year until the date of maturity and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of June and December in each year, or the preceding business day if such fifteenth day is not a business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York, (“DTC”), and

its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut (email: ctmuniservices@usbank.com). The legal opinion on the Bonds will be rendered by Day Pitney LLP, in substantially the form set forth in Appendix B to this Official Statement.

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

REDEMPTION

The Bonds maturing on or before July 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2020 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after July 1, 2019, 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 principal amount of the Bonds to be redeemed) set forth in the following table, plus accrued interest, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 1, 2019 and thereafter	100%

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

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or integral multiples 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-only system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by 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 interest 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 or be the responsibility of, the Town, the Registrar or Paying Agent.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices,

to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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 each maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of 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 DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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/Registrar on payable dates 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 in 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Town, the Financial Advisor or the Underwriters.

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.

SECURITY AND REMEDIES

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

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. On the last completed grand list of the Town, there were no acres classified as such forest land. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue that 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 notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the bonds and notes 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, notes or other obligations.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Bonds will be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.

AVAILABILITY OF CONTINUING DISCLOSURE

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

The Town will enter into Continuing Disclosure Agreements with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, annual financial information and timely notices of the occurrence of certain material events with respect to 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 notices of material events pursuant to Rule 15c2-12(b)(5). The Town has not defaulted in its obligation to provide annual information pursuant to Continuing Disclosure Agreements executed by the Town in connection with the sale of any bonds or notes, except for: 1) an inadvertent failure to make timely provision to the nationally recognized municipal securities information repositories (the "NRMSIRs") by February 28, 2002 of certain annual financial information and operating data for its fiscal year ending June 30, 2001. The failure to make timely provisions of such information was promptly remedied upon discovery, and such information was submitted to the NRMSIRs the week of March 18, 2002; 2) the failure to make timely provision to the NRMSIRs by February 28, 2007 of certain annual financial information and operating data for its fiscal year ending June 30, 2006. The audited financial statements were completed on April 13, 2007 and the Town submitted all required information to the NRMSIRs on May 22, 2007. The delay in the completion of the preparation of the audited financial statements arose from new management being hired late in the year; and 3) the failure to make timely provisions to the NRMSIRs by February 28, 2008 and February 28, 2009 of certain annual financial information and operating data for its fiscal years ending June 30, 2007 and 2008, respectively. The audited financial statements were completed and the Town submitted all required information to NRMSIRs on June 30, 2008 and June 26, 2009, respectively. The delay in the completion

of the preparation of the audited financial statements arose from an unanticipated personnel loss in the Finance Department. These positions have since been filled. In addition, the Town hired the services of an independent auditing firm to work with the new staff and review accounting procedures for better efficiency. The audited financial statements for fiscal year ended June 30, 2009 and supplemental annual information were filed on time.

AUTHORIZATION AND PURPOSE

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town of Ledyard, and borrowing resolutions approved by the voters of the Town.

USE OF BOND PROCEEDS

Project	Amount Authorized	Previously Bonded	Paydowns/ Grants	Notes Maturing	These Bonds	Authorized Unissued
2005 Public Works.....	\$1,030,000	\$0	\$334,000	\$707,000	\$696,000	\$0
Lakeside Condo Sewers.....	1,075,000	965,000	8,000	64,000	65,000	37,000
Avery Hill Water System.....	850,000	0	578,200	202,000	271,800	0
Route 117 Water Main.....	5,950,000	1,629,000 ¹	545,000	5,704,000	3,776,000	0
Vo-Ag Center Improvements.....	4,856,380	0	4,636,721	122,265	193,800	25,859
Asbestos Abatement.....	766,116	0	612,511	265,000	153,600	5
Library Improvments.....	178,506	0	9,300	178,300	169,200	6
High School Roof.....	805,125	0	498,655	405,000	166,300	140,170
Town Hall Windows.....	27,104	0	2,104	27,104	25,000	0
Police - Various Improvements....	60,410	0	3,331	60,331	57,000	79
HS School roof Replacement - Phases II and III.....	1,230,000	0	0	1,230,000	361,000	869,000
Schools Asbestos Abatement Program - Year 1.....	370,000	0	0	370,000	208,100	161,900
Aljen Heights Water Project - Design Work.....	185,000	0	0	185,000	185,000	0
Schools Asbestos Abatement Program - Year 2.....	1,200,000	0	0		400,000	800,000
High School Water Line.....	800,000	290,000	453,401		42,200	14,399
Total.....	\$19,383,641	\$2,884,000	\$7,681,223	\$9,520,000	\$6,770,000	\$2,048,418

¹ Interim Funding Obligation issued June 29, 2010.

RATING

The Town has applied to Moody's Investors Service, Inc. for a rating on the Bonds.

The Town's outstanding Bonds currently have a "Aa2" rating from Moody's Investors Service, Inc. ("Moody's"). The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town's bonds and notes.

II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Ledyard, a suburban coastal community with a population of 15,078 in 2008, was incorporated in 1836 and covers an area of 40.5 square miles on the east shore of the Thames River between Groton and Norwich. The Town, located approximately 45 miles southeast of Hartford, Connecticut and approximately 5 miles south of Norwich, Connecticut, is bounded on the north by Preston, on the east by North Stonington, on the south by Groton and on the western side of the Thames River by Waterford and Montville. Ledyard is intersected by State Routes 2, 12, 117 and 214 with easy access to Interstates 95 and 395 from Boston/New York. The Town hosts northern portions of the U.S. Naval Submarine Base and is located three miles from Mystic.

Gaming and the manufacturing of chemicals and plastics are the principal industries located in the Town of Ledyard. Most retail business is concentrated along Route 12 in Gales Ferry, and Route 117 in Ledyard Center.

Transportation is provided by Amtrak Rail Service in New London and Mystic, numerous motor common carriers, and air freight out of Groton/New London Airport in Groton.

Ledyard is also home to the 700-member Mashantucket Pequot Indian Tribe, who reside within approximately a 2,244 acre reservation established by an Act of Congress in 1983, located in the northeastern portion of the Town on Route 2. The Mashantucket Pequots built one of the world's largest gaming facilities "Foxwoods Resort and Casino and MGM Grand" which currently has four operating casinos, three hotels, a large bingo hall, a 4,000 seat theater, and numerous restaurants and retail outlets. The Mashantucket Pequot Tribe currently pays \$180,129.28 in annual property taxes to Ledyard for property formerly known as the Two Trees Hotel, consisting of several properties located off the reservation. A state-of-the-art \$150 million museum celebrating Native American History opened in August 1998. Total Tribal and casino employment is estimated in excess of 10,000.

PLAN OF DEVELOPMENT AND APPROVAL OF CAPITAL EXPENDITURES

Ledyard's Planning Commission last updated the Town's Plan of Conservation and Development in 2003.

An annual program of capital improvements, including the estimated cost of such improvements and projects, is submitted by the Mayor to the Town Council. This capital improvement program also identifies projects anticipated to be undertaken within the next five years. This capital improvement program also identifies projects anticipated to be undertaken within the next five years. In accordance with the Charter and with Section 8-24 of the General Statutes, the Planning Commission must approve all capital improvements proposed by the Mayor during this annual budget process.

The Town of Ledyard aggressively pursues state and federal grants to offset capital project costs. Prior to filing grant applications, the Mayor seeks resolutions empowering him to do so from an elected 9-person Town Council, thus ensuring a necessary commitment for the local share of funding that many grants require.

FORM OF GOVERNMENT

Ledyard operates under a home rule charter adopted on November 2, 1971, and revised in 1973, 1979, 1985 and 2002. The charter established a Mayor-Town Council form of government. The Mayor is the full-time Administrator and Chief Executive, and is elected to a four-year term. The nine-member Town Council and nine-member Board of Education are elected for two-year terms in accordance with state statutes.

The Town Council is responsible for passing ordinances, appointing commissions/committees, and proposing a fiscal year operating and capital budget to the Annual Town Meeting. From the Annual Town Meeting, the budget then goes to a referendum. If still not passed after three referenda, the Council adopts the most recent budget approved by them.

PRINCIPAL TOWN OFFICIALS

Office	Name	Manner of Selection	Term of Office	Years of Service As of July 2010
Mayor.....	Fred B. Allyn, Jr.	Elected	12/07-12/11	2 Years ¹
Town Council Chairman.....	Terry Jones, Chairman	Elected	12/09-12/11	7 Months
Treasurer.....	Nancy R. Gosselin	Appointed	12/09-12/11	18 Years
Director of Finance.....	Marcia Hancock	Appointed	Indefinite	2 Years
Director of Planning and Development.	Charles Karno	Appointed	Indefinite	1 Year
Assessor.....	Paul Hopkins	Appointed	Indefinite	6 Years
Tax Collector.....	Joan L. Carroll, CCMC	Appointed	Indefinite	19 Years ²
Town Clerk.....	Calvin Brouwer, CMC	Appointed	12/07-12/11	14 Years
Town Attorney.....	Meredith Diette	Appointed	7/09-6/10	2 Years

¹ Previously served on the Town Council for 4 years.

² Served as Assistant to the Tax Collector for 8 years and Acting Tax Collector for 4 months prior to her official appointment.

Source: Town Officials.

SUMMARY OF MUNICIPAL SERVICES

Police - Police protection is provided by twenty-three full-time officers and one State of Connecticut Resident Trooper from Troop E, Montville Barracks. All officers have completed 520 hours of Police Academy training.

Fire - Fire protection is provided by four paid, full-time, day firefighters and a volunteer firefighter force. One fire building is owned by the Town and another is leased. The volunteer firefighter force and one full-time Fire Marshal are primarily funded by the Town.

Ambulance Service - The Ledyard Volunteer Emergency Squad operates two ambulances, while employing two full-time paid driver/EMT, complimented by an average of thirty active volunteers. Most of the members are State Certified EMT's with almost all trained in Advanced Life Support. Squad members attend monthly courses, some mandated by the State for updating their skills and certifications, and others mandated by O.S.H.A.

Communications - The Ledyard Emergency Communications Center operates 24 hours a day, 365 days a year. It employs six full-time and seven part-time dispatchers. The Communications Center is the primary answering point for all 911 emergencies in the Town, while monitoring police, fire and medical alarms. The Center dispatches for two fire departments and an ambulance service. It has direct communications with the Police Department and local government agencies. The Center also monitors the Millstone Nuclear Power Station radio pagers.

Health - Health Services are provided by the Ledyard Public Health Nursing Service and Ledge Light Health District. The Ledyard Public Health Nursing Service provides, coordinates and promotes healthcare and health education to residents of all ages through home health care, school nursing and community prevention programs. The service is staffed by four public health home care nurses, seven school nurses and three paraprofessional aides and contracted therapists with a Town appointed Medical Director. The Town is serviced by a full-time Director of Health and three sanitarians through the Ledge Light Health District and a part-time Town deputy health officer. They provide environmental health services in the areas of water, sewers, inspection of food service establishments, daycares and abatement programs. Health promotional grant initiatives in the prevention of chronic diseases such as asthma and Lyme disease are coordinated through the Health District and the Ledyard Public Health Nursing Service. Ledge Light Health District serves as the regional planning agency for mass bioterrorism responses.

Public Works - The Department's general responsibilities include the design of minor construction and maintenance projects, the review and inspection of construction work performed by private contractors, and the maintenance of maps and files.

Highway Department Group provides maintenance and repairs to existing facilities such as streets, sidewalks, snowshelves, guardrails, storm drainage, traffic markings, and snow/ice control. There are approximately 110 miles of paved highways within the Town of Ledyard.

The Vehicle Maintenance Group provides maintenance/repairs/service for vehicles and equipment belonging to most Town departments including the Police Department.

The Buildings and Grounds Maintenance Group provides maintenance and repairs to the Town Office buildings, Public Works buildings, Library, and Police building. This group also provides ground maintenance for these buildings and other Town properties.

Libraries - Ledyard funds the operation of two libraries, Bill Library and Gales Ferry Library. The libraries belong to LION, a consortium of 20 public, school and academic libraries which links the collections of each one in a central database. The library also provides programs serving children and teens ages 6 months and up. Those programs included story hours, arts and craft programs and workshops, as well as singers, storytellers, magicians and more. The Town library staff includes one full-time MLS Director, two full-time Assistant Directors, a full-time children's librarian and twenty-six part-time positions including one secretary, one cataloger, two Senior Library Assistants, eleven library assistants, three library pages, and two custodians.

A Library Commission consisting of nine members sets the policy for the libraries and oversees their operation.

Recreation - The Ledyard Parks and Recreation Commission consists of nine members appointed by the Town Council. The Commission has two standing committees - the Administrative Committee to review all regulations, policies, programs, budgets and various reports and the Facilities and Maintenance Committee which oversees all construction projects, contracts, bids and maintenance requirements. Over the last several years, the Commission has made over one million dollars in new construction and existing facility improvements.

The Commission oversees a full time staff that includes the Director, Assistant Director and Office Assistant II. Some of the staff's responsibilities include:

- Web Page - daily upkeep of a web page recognized as one of the best Town Web Page and Recreation Page in Eastern Connecticut.
- Office - a modern networking office that produces quarterly brochures and sees hundreds of visitors yearly.
- Facilities - three lacrosse fields, nine soccer fields, ten baseball fields, seven softball fields, two football fields, two handball courts, one outdoor volleyball court, two and a half basketball courts, seven major play

areas, four major parks that include three pavilions and one major beach. Colonel Ledyard Park picnic area is booked from late April through late October with over 4,500 visitors.

- Part Time/Contractors – the staff oversees approximately thirty-five non-summer staff and thirty summer staff, along with two private contractors and one caretaker.
- Recreation Programs – Local participation is strong for many programs offered throughout the year. The office schedules all seven school gymnasiums for many programs and other Town buildings.

Water - The Town of Ledyard Water Pollution Control Authority (“WPCA”) presently operates the Highlands water system, which serves 486 single-family homes, 352 condominiums, 48 apartments, a high school, junior high school, four elementary schools and sixty commercial businesses. The Town has operated this system since 1986 and serves approximately 2,000 people. The Authority also oversees a municipal water system in the Gales Ferry area of Town, in which it purchases water from the City of Groton. This system includes a sixteen-inch (16”) water main on Route 12 from the Groton town line to the Preston town line. An appropriation of \$5,950,000 was approved for the design and construction costs of a waterline to bring water from Ledyard High School to Ledyard Center and a water main north from Route 117 to the center of Town, which is considered the Ledyard Center business district, and connect the two systems. This project was completed in spring 2010. The remainder of the Town is served by individual on site wells, and three small community systems (Sablewood, Village Drive and Avery Hill).

The Town has undertaken a study to extend water lines to the Aljen Heights area and expects that such a project will cost approximately \$5,000,000.

Sewer - The WPCA also operates and maintains the only existing wastewater treatment plant in the Town. This system has been upgraded to a design capacity of 260,000 gallons per day with a peak flow of 800,000 gallons per day. The current usage is 162,000 gallons per day. This plant also accepts residential and commercial septage. This system is located in the highly populated Highlands housing development and serves approximately 2,000 residents. An 80 unit senior citizen development, “Stonegate” has been approved with 18 units completed. There is also a potential for approximately 150 additional single family homes in the “Woodlands” development. The remainder of the Town is served by individual septic systems.

Service Contract - Solid Waste Disposal - The Town of Ledyard entered into the Municipal Solid Waste Management Services Contract, as amended, (the “Service Contract”) with the Southeastern Connecticut Regional Resource Recovery Authority (the “Authority” or “SCRRRA”) pursuant to which it participates, with eleven other southeastern Connecticut municipalities, in the Southeastern Connecticut System. The System consists of a mass-burn solid waste, disposal and electric generation facility located in the Town of Preston and various improvements and facilities related thereto, including landfills.

Under the Service Contract, the Town is required to deliver or cause to be delivered to the System, solid waste generated within its boundaries with a minimum commitment of 7,029 tons per year and to pay a uniform per ton Disposal Service Payment therefore. The aggregate minimum commitment of the participating municipalities is 144,078 tons per year. The Town’s Service Payment commitment is for whatever actual quantity is delivered. The tipping fee per ton is \$60.00 for fiscal year 2010-11.

Service Payments are 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 at the facility. The Town’s obligation to pay the Service Payment, so long as the Authority is accepting the Town’s solid waste, is absolute and unconditional. It is not subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Town may have against the Authority or any person for any reason whatsoever, and is not to be affected by any defect in title, design, fitness for use, loss or destruction of the System. The Town has pledged its full faith and credit for the payment of Service Payments 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 the Service Payments. As of January 1, 2003, the Town back charges haulers for commercial disposals at the Preston site at the SCRRRA tipping rate.

The Town's Sanitary Facility operates as a transfer station to accept brush, stumps, demolition waste, other bulky waste, waste oil, waste anti-freeze, metals, and tires according to the regulations of the Connecticut Department of Environmental Protection. The Town provides curbside refuse collection and then transports Municipal Solid Waste to the trash-to-energy plant and recyclables and bulky waste to proper collections sites.

Service Contract – Trash/Recyclables – The Town of Ledyard entered into a 2 year contract with Sterling Superior Services, Inc. effective July 1, 2009. The cost of the contract is \$475,000 for the first year and \$481,000 for the second year.

TOWN EMPLOYEES

<u>Fiscal Year</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Board of Education.....	330	325	325	320	318
General Government.....	122	126	126	124	123
Total.....	452	451	451	444	441

Source: Mayor's Office, Town of Ledyard.

MUNICIPAL EMPLOYEES' BARGAINING UNITS

<u>Bargaining Groups</u>	<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
<u>General Government</u>		
Public Works Department - General Teamsters.....	16	June 30, 2011
Supervisors/Professionals Local 1303-818.....	12	June 30, 2011
Town Hall Employees/Library Local 1303-184.....	32	June 30, 2011
Public Health Nurses.....	8	June 30, 2010 ²
Police Union.....	22	June 30, 2008 ¹
Firefighter Union.....	5	June 30, 2010 ²
School Health Assistants.....	6	June 30, 2011
Sub-Total.....	101	
<u>Board of Education</u>		
Ledyard Administration Association.....	12	June 30, 2012
Ledyard Education Association.....	252	August 31, 2012
Ledyard Association of Educational Secretaries.....	21	June 30, 2014
Local 1303 of Council #4 AFSCME, AFL-CIO Custodians.....	29	June 30, 2011
Sub-Total.....	314	
Total.....	415	

¹ In Arbitration.

² In Negotiation.

Source: Mayor's Office, Town of Ledyard.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for 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 organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. 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 wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

EDUCATION SYSTEM

An elected nine-member Board of Education has responsibility for the operations for the Town's six schools, which include four elementary, one middle and one high school that provide educational programs to students in grades kindergarten through twelve. The enrollment in grades kindergarten through twelve as of October 1, 2009 was 2,663.

SCHOOL FACILITIES

School	Grades	Date of Construction/ Remodeling	Type of Construction	Number of Classrooms	2009-2010 Enrollment	Rated Capacity
Ledyard High School.....	9-12	1962, 1966, 1968, 1977, 1984, 2004	Block	71	932	1,226
Ledyard Junior High.....	7-8	1972	Block	24	448	798
Juliet Long School.....	K-6	1961, 1964	Block	25	315	444
Ledyard Center Elementary..	K-6	1948, 1951, 1958	Block/ Wood Frame	25	407	464
Gallup Hill Elementary.....	K-6	1966	Block	25	341	423
K-2 Elementary.....	K-2	2000	Block	21	220	241
Total.....					2,663	

Source: Board of Education, Town of Ledyard.

SCHOOL ENROLLMENT

School Year	Elementary	Middle <i>Historical</i>	High School	Total
2005-2006	1,426	422	1,081	2,929
2006-2007	1,430	401	1,084	2,915
2007-2008	1,415	418	1,062	2,895
2008-2009	1,304	455	978	2,737
2009-2010	1,283	448	932	2,663
<i>Projected</i>				
2010-2011	1,285	440	950	2,675
2011-2012	1,280	430	940	2,650
2012-2013	1,270	420	935	2,625
2013-2014	1,260	410	925	2,595
2014-2015	1,250	400	915	2,565

Source: Board of Education, Town of Ledyard

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Year	Population ¹	% Increase	Density ²
2008	15,078	2.7	372
2000	14,687	(1.5)	363
1990	14,913	8.6	368
1980	13,735	(7.4)	339
1970	14,837	175.0	366
1960	5,395	208.5	133

¹ U.S. Department of Commerce, Bureau of Census, 1960 – 2000; State of Connecticut, Department of Health Services, Population Estimate, 2008.

² Per square mile: 40.5 square miles.

AGE DISTRIBUTION OF THE POPULATION

	Town of Ledyard		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	916	6.2%	223,344	6.6%
5 - 19.....	3,533	24.1%	702,358	20.6%
20 - 44	5,188	35.3%	1,220,260	35.8%
45 - 64.....	3,730	25.4%	789,420	23.2%
65 - 84.....	1,243	8.5%	405,910	11.9%
85 and over.....	77	0.5%	64,273	1.9%
Totals.....	14,687	100.0%	3,405,565	100.0%
Median Age (years)		37.1		37.4

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

INCOME DISTRIBUTION

	Town of Ledyard		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$9,999.....	77	1.9%	33,423	3.8%
10,000 - 14,999.....	56	1.4%	23,593	2.7%
15,000 - 24,999.....	199	4.8%	63,262	7.1%
25,000 - 34,999.....	315	7.6%	75,413	8.5%
35,000 - 49,999.....	553	13.4%	120,134	13.6%
50,000 - 74,999.....	1,146	27.8%	198,924	22.5%
75,000 - 99,999.....	901	21.9%	141,981	16.0%
100,000 - 149,999.....	646	15.7%	132,177	14.9%
150,000 - 199,999.....	158	3.8%	42,472	4.8%
200,000 and over....	68	1.7%	54,368	6.1%
Totals.....	4,119	100.0%	885,747	100.0%

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

INCOME LEVELS

	Town of Ledyard	State of Connecticut
Per Capita Income, 1999.....	\$24,953	\$28,776
Per Capita Income, 1989	\$18,557	\$20,189
Per Capita Income, 1979.....	\$7,983	\$8,598
Median Family Income, 1999.....	\$69,214	\$65,521
Median Family Income, 1989.....	\$52,878	\$49,199
Percent Below Poverty Level 1999...	4.0%	7.9%

Source: ¹ U.S. Department of Commerce, Bureau of Census, 2000, 1990, 1980.

EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	Town of Ledyard		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	130	1.4%	132,917	5.8%
9th to 12th grade.....	496	5.2%	234,739	10.2%
High School graduate.....	2,831	29.8%	653,300	28.5%
Some college, no degree.....	2,086	21.9%	402,741	17.5%
Associate's degree	846	8.9%	150,926	6.6%
Bachelor's degree.....	1,840	19.3%	416,751	18.2%
Graduate or professional degree...	1,281	13.5%	304,243	13.2%
Totals	9,510	100.0%	2,295,617	100.0%
Total high school graduate or higher (%)		93.4%		84.0%
Total bachelor's degree or higher (%)		32.8%		31.4%

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

MAJOR EMPLOYERS

As of June 2010

Employer	Product	Estimated Number of Employees
Foxwoods Casino & High Stakes Bingo ..	Casino and Entertainment	10,158
Hard Rock Cafe.....	Restaurant	88
Holdridge Farm Nursery.....	Nursery	88
Styron.....	Chemical Company	30
Ocean State Job Lot.....	Retail	23
America Styrenics.....	Chemical Company	25

¹ Styron is a division of Dow Chemical.

Source: Telephone survey of Employers.

EMPLOYMENT BY INDUSTRY

Sector	Town of Ledyard		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	7	0.1%	7,445	0.5%
Construction.....	344	4.7%	99,913	6.0%
Manufacturing.....	1,256	17.3%	246,607	14.8%
Wholesale Trade.....	143	2.0%	53,231	3.2%
Retail Trade.....	546	7.5%	185,633	11.2%
Transportation and warehousing, and utilities....	320	4.4%	64,662	3.9%
Information	156	2.1%	55,202	3.3%
Finance, insurance, real estate, and rental and leasing.....	313	4.3%	163,568	9.8%
Professional, scientific, management, administrative and waste management services.	691	9.5%	168,334	10.1%
Educational, health and social services.....	1,441	19.8%	366,568	22.0%
Arts, entertainment, recreation, accommodation and food services.....	1,355	18.7%	111,424	6.7%
Other services (except public administration)....	288	4.0%	74,499	4.5%
Public Administration	403	5.6%	67,354	4.0%
Total Labor Force, Employed.....	7,263	100.0%	1,664,440	100.0%

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

EMPLOYMENT DATA

Period ¹	Town of Ledyard		Percentage Unemployed		
	Employed	Unemployed	Town of Ledyard	New London Labor Market	State of Connecticut
April 2010.....	8,083	609	7.0%	8.1%	8.5%
March 2010.....	8,026	650	7.5	8.7	9.3
February 2010.....	8,005	693	8.0	9.2	9.8
January 2010.....	8,033	715	8.2	9.0	9.8
Annual Averages					
2009.....	8,169	618	7.0%	7.8%	8.2%
2008.....	8,220	398	4.6	5.5	5.7
2007.....	8,350	296	3.4	4.3	4.6
2006.....	8,264	303	3.5	4.2	4.4
2005.....	8,150	306	3.6	4.5	4.9
2004.....	8,008	304	3.7	4.5	4.9
2003.....	7,962	336	4.0	4.9	5.5
2002.....	7,893	239	2.9	3.9	4.4
2001.....	7,630	164	2.1	2.8	3.1
2000.....	7,475	136	1.8	2.3	2.3

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Ledyard		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	422	7.7%	308,896	22.3%
1940 to 1969.....	2,517	45.9%	571,218	41.2%
1970 to 1979.....	1,135	20.7%	203,377	14.7%
1980 to 1989.....	816	14.9%	183,405	13.2%
1990 to March, 2000.....	593	10.8%	119,079	8.6%
Total housing units, 2000	5,483	100.0%	1,385,975	100.0%
Percent Owner Occupied, 2000		82.4%		66.8%

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

HOUSING INVENTORY

Type	Town of Ledyard		State of Connecticut	
	Units	Percent	Units	Percent
1 unit detached.....	4,659	85.0%	816,706	58.9%
1 unit attached.....	112	2.0%	71,185	5.1%
2 to 4 units.....	326	5.9%	246,617	17.8%
5 to 9 units.....	157	2.9%	76,836	5.6%
10 or more units.....	31	0.6%	162,437	11.7%
Mobile home, trailer, other.	198	3.6%	12,194	0.9%
Total Inventory.....	5,483	100.0%	1,385,975	100.0%

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

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Ledyard		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	6	0.2%	5,996	0.8%
\$50,000 to \$99,000.....	446	11.4%	85,221	11.7%
\$100,000 to \$149,999.....	1,707	43.8%	212,010	29.1%
\$150,000 to \$199,000.....	957	24.5%	156,397	21.5%
\$200,000 to \$299,999.....	648	16.6%	137,499	18.9%
\$300,000 to \$499,999.....	133	3.4%	79,047	10.9%
\$500,000 to \$999,999.....	4	0.1%	38,168	5.2%
\$1,000,000 or more.....	0	0.0%	13,906	1.9%
Totals.....	3,901	100.0%	728,244	100.0%
Median Sales Price		\$144,300		\$166,900
Median Sales Price ¹		\$197,000		\$218,900

¹ Median Sales Price, The Warren Group, 2009.

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

BUILDING PERMITS

Fiscal Year Ending June 30	Residential		Commercial/Industrial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2009	353	\$4,790,784	21	\$273,031	380	\$2,398,611	754	\$7,462,426
2008	395	5,474,126	22	2,395,808	459	1,355,964	876	9,225,898
2007	461	7,799,820	34	2,525,204	549	2,054,648	1,044	12,379,672
2006	217	10,585,238	16	986,840	1,014	7,739,929	1,247	19,312,007
2005	233	11,144,588	14	1,835,668	960	6,020,867	1,207	19,001,123
2004	216	10,215,509	10	1,276,900	1,036	6,439,606	1,262	17,932,015
2003	201	9,559,769	20	9,592,400	917	6,514,496	1,138	25,666,665
2002	193	10,130,799	33	1,698,666	805	4,030,237	1,031	15,859,702
2001	251	10,610,012	3	210,495	593	2,152,310	847	12,972,817
2000	241	8,665,980	5	315,250	633	2,231,977	879	11,213,207

Source: Building Department, Town of Ledyard.

LAND USE SUMMARY

Type of Land Use	1980		1990		2000	
	Land Area in Use (Acres)	% of Total Town Area	Land Area in Use (Acres)	% of Total Town Area	Land Area in Use (Acres)	% of Total Town Area
<u>Developed Land</u>						
Residential.....	2,520	10.0%	3,881	14.9%	3,959	14.9%
Industrial.....	100	0.4%	126	0.5%	129	0.5%
Commercial.....	62	0.3%	105	0.4%	94	0.4%
Institutional.....	456	1.8%	635	2.4%	409	1.5%
Transportation & Utilities.....	665	2.6%	1,000	3.8%	1,125	4.2%
Total Developed.....	3,803	15.1%	5,747	22.0%	5,716	21.5%
<u>Preserved Land</u>						
Reserved Open Space.....	939	3.7%	1,278	4.9%	2,792	10.5%
Groton Reservoir.....	1,541	6.2%	1,541	5.9%	1,541	5.8%
Active Recreation.....	727	2.8%	730	2.8%	646	2.4%
Agricultural Development Rights..	0	0.0%	300	1.2%	637	2.4%
Total Preserved.....	3,207	12.7%	3,849	14.8%	5,616	21.1%
Tribally Owned.....	213	0.9%	2,716	10.5%	2,328	8.7%
Undeveloped Land.....	17,865	71.3%	13,665	52.7%	12,969	48.7%
Total Land.....	25,088	100.0%	25,977	100.0%	26,629	100.0%

Source: Southeastern Connecticut Regional Planning agency 1980, 1990 and 2000 Reports on land use.

IV. TAX BASE DATA

ASSESSMENTS

The Town of Ledyard had a general property revaluation effective October 1, 2005. Under section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review. A 2006 statute permits a municipality, upon approval of its legislative body, to phase-in a real property assessment increase resulting from a revaluation over a period of up to five years. Various state statutes provide for or authorize exemptions, abatement and other adjustments to assessments. Public Act 09-60 allows a municipality not to implement a revaluation for the 2008, 2009 and 2010 assessment years upon approval of its legislative body. In addition, any municipality that is currently in the process of phasing in a real property assessment increase, or a portion of such increase, may suspend such phase-in for a period of time, but not later than the 2011 assessment year. Any required revaluation subsequent to any delayed revaluation shall re-commence at the point in the schedule required prior to such delay. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of Ledyard for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable and non taxable real and personal property and motor vehicles located within the Town on October 1. 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, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

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

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

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 as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town of Ledyard. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next July 1 are subject to a property tax as if the motor vehicle has been included on the October Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 1. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

PROPERTY TAX COLLECTION PROCEDURE

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

COMPARATIVE ASSESSED VALUATIONS

Grand List of 10/1	Residential Real Property	Commercial Industrial Real	All Other Real Property	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemptions ¹	Net Taxable Grand List	% Growth
2009	76.5%	6.0%	2.8%	5.3%	8.1%	\$1,206,460,194	\$32,902,508	\$1,173,557,686	-0.40%
2008	77.5	6.0	2.7	5.6	8.2	1,206,952,538	28,651,124	1,178,301,414	0.02%
2007	77.3	5.8	2.8	5.3	8.8	1,203,954,098	25,901,311	1,178,052,787	1.0%
2006	77.5	5.9	3.0	4.9	8.7	1,188,100,805	22,277,649	1,165,823,156	3.1%
2005 ²	78.3	5.1	3.1	4.6	8.8	1,148,344,399	17,830,371	1,130,514,028	38.9%
2004	74.0	7.0	3.0	5.0	11.0	833,435,007	19,790,908	813,644,099	1.5%
2003	75.0	6.7	3.2	4.6	10.5	822,434,322	20,552,773	801,881,549	0.0%
2002	72.5	6.6	3.2	6.3	11.4	821,012,629	19,213,596	801,799,033	4.0%
2001 ²	73.0	6.7	3.6	5.6	11.1	790,990,997	20,102,335	770,888,662	27.0%
2000	68.9	7.7	3.2	6.6	13.6	625,415,033	18,229,619	607,185,414	1.5%

¹ Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities. The State of Connecticut will directly reimburse the Town for 80% of the foregone taxes effective for the Town's October 1, 2000 Grand List.

² Revaluation Year.

Source: Assessor's Office, Town of Ledyard.

PROPERTY TAX LEVIES AND COLLECTIONS

Grand List of Oct. 1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2009
2009	2011	\$1,173,557,686	25.65	\$29,650,228	--To be collected 7/1/10 and 1/1/11--		
2008	2010	1,178,301,414	25.65	29,770,080	--In process of collection--		
2007	2009	1,178,052,787	25.65	29,923,981	98.8%	1.2%	1.2%
2006	2008	1,165,823,156	24.88	28,926,228	98.7%	1.3%	0.4%
2005	2007	1,130,514,028	24.98	28,308,141	98.9%	1.1%	0.1%
2004	2006	813,644,099	33.17	27,243,560	99.1%	0.9%	0.0%
2003	2005	801,881,549	32.33	25,917,849	99.0%	1.0%	0.0%
2002	2004	801,799,033	30.90	24,770,100	99.0%	1.0%	0.0%
2001	2003	770,888,662	28.97	22,641,223	99.0%	1.0%	0.0%
2000	2002	607,185,414	34.78	21,417,286	98.7%	1.3%	0.0%

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

TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List ¹
Mashantucket Pequot Tribe & Tribal Nation & Gaming Enterprises.....	Real Estate	\$39,834,491	3.39%
Connecticut Light & Power.....	Utility	13,621,583	1.16%
Dow Chemical Company.....	Chemical Manufacturer	12,255,638	1.04%
Fox Run-Ledyard LLC "Fox Run" Apartments.....	Real Estate	7,247,176	0.62%
International Game Technology.....	Technology Company	3,379,636	0.29%
Yankee Gas.....	Utility	2,826,912	0.24%
Riverside Mall Inc.....	Real Estate	2,553,530	0.22%
Acquipt/Amsdell III Limited U-Store It.....	Storage Facility	2,404,847	0.20%
Hard Rock Café International Inc.....	Restaurant & Retail Store	2,401,557	0.20%
Ledcom Inc.....	Real Estate	2,173,028	0.19%
Total		\$88,698,398	7.56%

¹ Based on a 10/1/09 Net Taxable Grand List of \$1,173,557,686.
Source: Assessor's Office, Town of Ledyard.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2008	\$1,675,024,840	-6.10%
2007	1,783,873,636	-1.89%
2006	1,818,274,359	12.04%
2005	1,622,851,876	-8.53%
2004	1,774,281,996	14.57%
2003	1,548,634,487	10.06%
2002	1,407,113,336	26.41%
2001	1,113,114,997	0.86%
2000	1,103,582,500	9.08%
1999	1,011,755,569	7.11%
1998	944,586,997	2.60%

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

V. FINANCIAL INFORMATION

FISCAL YEAR

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

BASIS OF ACCOUNTING

Accounting Policies

The financial statements of the Town of Ledyard, Connecticut 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 Town changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2003. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

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

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

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

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

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

BUDGETARY PROCEDURES

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements:

- The Mayor compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Town Council. The Board of Education files a detailed estimate of expenditures with the Mayor for transmittal to the Town Council. The Town Council, after its review process, prepares and presents a recommended budget for Town Meeting approval.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Legislative Council and, if necessary, Town Meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

- Individual additional appropriations of less than one percent of the current tax levy can be made by the Council, the accumulative total of which can not exceed two percent of the current tax levy.

Additional appropriations of more than one percent, and any resolution authorizing the issuance of bonds or notes or other borrowing, require Town Meeting approval. Upon request by the Mayor, during the last three months of the fiscal year, the Council may transfer any unencumbered appropriation, or portion thereof, from one department, commission, board, or office to another. No transfer may be made from any appropriation for debt service and other statutory charges.

- Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Encumbered appropriations in the general fund are not reappropriated in the ensuing year's budget, but are carried forward.

Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

ANNUAL AUDIT

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The Town of Ledyard is in full compliance with said provisions. For the fiscal year ended June 30, 2009, the financial statements of the Town were audited by the firm of Kostin, Ruffkess & Company, LLC, Business Advisors and Certified Public Accountants of Farmington, Connecticut.

PENSION PLANS

The Town of Ledyard is the administrator of a single-employer defined benefit Public Employee Retirement System (PERS) established by Town ordinance and administered by the Town to provide pension benefits for its employees. Plan provisions are determined by the various union contracts. The PERS is considered to be part of the Town of Ledyard's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The PERS does not issue a stand alone report.

State Teachers' Retirement System

The faculty and professional personnel of the Board of Education are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The financial report for this may be obtained through the State Teachers' Retirement Board.

Please refer to the Town of Ledyard's "Notes to Basic Financial Statements", Note IV, Section C, in "Appendix A" herein for further information on the Town's Pension Plans.

OTHER POST EMPLOYMENT BENEFITS

The Town administers one single-employer, post retirement healthcare plan for the Town and Board of Education. The plan provides medical benefits to eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method.

The Town has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 2008:

<u>Valuation Date</u>	<u>July 1, 2008</u>
Actuarially Accrued Liability.....	\$11,045,000
Annual Required Contribution.....	731,000
Contributions Made.....	385,000

INVESTMENT PRACTICES

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

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

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

	Approved Budget 2010-11 ¹	Budget 2009-10 ¹	Actual 2008-09	Actual 2007-08	Actual 2006-07	Actual 2005-06	Actual 2004-05
REVENUES:							
Property Taxes.....	\$29,806,228	\$29,912,057	\$30,149,097	\$29,021,192	\$28,413,587	\$27,501,648	\$25,980,934
Intergovernmental.....	15,404,279	15,449,972	17,833,535	23,634,182	14,635,741	14,384,750	13,972,234
License, Fees & Charges.....	725,315	709,204	2,395,940	2,615,727	2,458,428	2,544,606	2,174,940
Tuition.....	1,459,451	1,548,720	0	0	0	0	0
Revenue from Use of Money.....	26,000	60,000	118,775	342,267	521,704	377,038	173,196
Other.....	235,000	0	0	0	0	191,184	110,759
Transfers In.....	359,967 ⁴	732,999 ⁴	425,188	415,056	645,056	360,190	415,090
Total Revenues and Transfers In.....	\$48,016,240	\$48,412,952	\$50,922,535	\$56,028,424	\$46,674,516	\$45,359,416	\$42,827,153
EXPENDITURES:							
General Government.....	\$8,604,787	\$9,284,849	\$8,585,069	\$8,754,535	\$8,696,790	\$8,328,557	\$7,584,308
Public Safety.....	2,866,333	2,936,678	2,930,454	2,808,455	2,538,490	2,449,511	2,268,509
Public Works.....	2,346,262	2,355,906	2,491,982	2,324,927	2,261,139	2,322,900	2,228,378
Health & Welfare.....	1,334,998	1,291,579	1,115,078	1,065,293	1,080,866	1,028,812	1,072,298
Library.....	551,723	562,493	577,947	563,281	532,652	527,301	509,983
Parks & Recreation.....	434,987	432,730	461,734	446,280	431,454	405,221	377,252
Board of Education.....	28,462,350	28,462,350	31,244,141	36,681,537	27,661,387	27,228,735	25,562,117
Capital Outlay.....	53,720	79,100	153,619	183,162	360,551	166,444	190,342
Debt Service.....	2,858,123	2,569,267	1,333,081	1,187,500	935,098	860,657	703,409
Transfers Out.....	502,957	438,000	1,764,042	2,269,872	2,161,690	2,081,057	1,818,296
Total Expenditures and Transfers Out.....	\$48,016,240	\$48,412,952	\$50,657,147	\$56,284,842	\$46,660,117	\$45,399,195	\$42,314,892
Results from Operations.....		²	\$265,388	(\$256,418)	\$14,399	(\$39,779)	\$512,261
Fund Balance, July 1.....			\$3,353,193	\$3,609,611	\$3,595,212	\$3,634,991³	\$2,972,730
Fund Balance, June 30.....			\$3,618,581	\$3,353,193	\$3,609,611	\$3,595,212	\$3,484,991

¹ Budgetary Basis.

² Town Officials anticipate that the undesignated fund balance at June 30, 2010 will be approximately \$3,039,057 or 6.33% of general fund expenditures.

³ Restated.

⁴ Includes \$417,943 and \$44,911 appropriated from prior years' surplus for Fiscal Years 2009-10 and 2010-11, respectively.

Source: Annual Audited Financial Statements 2005-2009; Budgets 2010 and 2011.

ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)

	Approved Budget 2010-2011	Budget 2009-2010	Actual 2008-2009	Actual 2007-2008	Actual 2006-2007	Actual 2005-2006	Actual 2004-05
Reserved for Encumbrances.....			\$257,613	\$158,015	\$113,425	\$185,377	\$106,199
Designated for Specific Programs....	N/A	N/A	30,000	60,000	90,000	0	404,090
Designated for Future Budgets.....	N/A	N/A	417,943	150,000	150,000	120,000	0
Unreserved/Undesignated.....	N/A	N/A	2,913,025	2,985,178	3,256,186	3,289,835	2,974,702
Total Fund Balance.....	N/A	N/A	\$3,618,581	\$3,353,193	\$3,609,611	\$3,595,212	\$3,484,991
Undesignated Fund Balance As % of Total Expenditures.....	N/A	N/A	<u>5.75%</u>	¹	<u>6.98%</u>	<u>7.25%</u>	<u>7.03%</u>

¹ Revenues and transfers in should total \$46,887,424 and expenditures and transfers out should total \$47,143,842 for Fiscal Year ended June 30, 2008. Under the GAAP basis of accounting, the State of Connecticut's on-behalf contribution to the Connecticut State Teachers' Retirement Fund, prorated to reflect the Town's teachers, is reflected as a revenue item and an expenditure item in the Town's general operating fund. The contribution in Fiscal Year 2008 totaled \$9,141,000 which was significantly higher than in prior years due to the State issuing pension obligation bonds to partially fund the plan. At June 30, 2008, the Town's undesignated fund balance of \$2,985,178 represents 6.33% of the adjusted total expenditures and transfers out of \$47,143,842.

Source: Audited Financial Statements 2005-2009; Budgets 2010 and 2011.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of July 13, 2010

(Pro Forma)

Long-Term Debt: Bonds

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding As of 7/13/10</u>	<u>Date of Fiscal Year Maturity</u>
<u>General Purpose</u>					
10/01/93	Public Improvement.....	3.60-5.00	\$400,000	\$80,000	2014
10/15/05	Emergency Services - Series A.....	3.00-5.00	2,720,000	2,100,000	2024
10/15/05	Waterline - Series A.....	3.50-5.00	105,000	60,000	2016
10/15/05	Water Refunding - Series B	3.50-5.00	4,268,000	3,955,000	2020
07/01/10	Water.....	This Issue	4,275,000	4,275,000	2029
07/01/10	General Purpose.....	This Issue	947,200	947,200	2029
	Total.....		<u>\$12,715,200</u>	<u>\$11,417,200</u>	
<u>Schools</u>					
10/01/93	School.....	3.60-5.00	\$2,130,000	\$370,000	2014
10/15/05	High School Improvements - Series A.....	3.00-5.00	2,650,000	2,050,000	2024
10/15/05	School Refunding - Series B.....	3.50-5.00	2,267,000	2,230,000	2021
07/01/10	School.....	This Issue	1,432,800	1,482,800	2029
	Total.....		<u>\$8,479,800</u>	<u>\$6,132,800</u>	
<u>Sewers</u>					
01/01/99	Highlands Waste Water-Clean Water.....	2.00	\$2,911,655	\$1,091,874	2018
10/15/05	Lakeside Condo Sewers - Series A.....	3.00-5.00	965,000	725,000	2024
08/31/06	CWF - PLO.....	2.05	926,007	779,986	2027
07/01/10	Sewers.....	This Issue	65,000	65,000	2029
	Total.....		<u>\$4,867,662</u>	<u>\$2,661,860</u>	
	Total Long Term Debt.....		<u>\$26,062,662</u>	<u>\$20,211,860</u>	

Short-Term Debt:

On June 29, 2010 the Town of Ledyard entered into a Drinking Water Fund Interim Funding Obligation (IFO) at 2.00% in the amount of \$1,629,000.

Other Long-Term Commitments:

The Gales Ferry area of Ledyard purchases water from the City of Groton. At June 30, 2010, the Town of Ledyard has a commitment to pay to the City of Groton an amount totaling \$570,281; the payment made to the City in Fiscal Year 2010-11 is \$94,379. See "Summary of Municipal Services – Water" herein.

ANNUAL BONDED DEBT MATURITY SCHEDULE¹

As of July 13, 2010

(Pro Forma)

Fiscal Year Ending 6/30	Principal	Interest	These Bonds	Total	Cumulative Percent Retired
2011	\$1,160,000	\$478,952		\$1,638,952	6.32
2012	1,150,000	433,559	\$425,000	1,583,559	14.91
2013	1,110,000	389,351	425,000	1,499,351	23.28
2014	1,105,000	339,886	425,000	1,444,886	31.62
2015	1,005,000	285,824	380,000	1,290,824	39.18
2016	1,005,000	234,913	380,000	1,239,913	46.73
2017	920,000	190,945	380,000	1,110,945	53.82
2018	910,002	151,854	380,000	1,061,856	60.85
2019	910,000	114,888	380,000	1,024,888	67.88
2020	740,000	81,175	380,000	821,175	73.99
2021	535,000	54,506	380,000	589,506	78.98
2022	340,000	36,125	375,000	376,125	82.88
2023	340,000	21,675	370,000	361,675	86.75
2024	340,000	7,225	370,000	347,225	90.62
2025			370,000		92.64
2026			370,000		94.66
2027			340,000		96.51
2028			340,000		98.36
2029			300,000		100.00
Totals	\$11,570,000	\$2,820,878	\$6,770,000	\$14,390,878	

¹ Excludes capital lease obligations, Drinking Water Fund loans, and Clean Water Fund loans.

OVERLAPPING/UNDERLYING DEBT

The Town of Ledyard does not have overlapping or underlying debt.

DEBT STATEMENT¹

As of July 13, 2010

(Pro Forma)

LONG TERM DEBT:

Bonds: (Including This Issue)

General Purpose.....	\$11,417,200
Schools.....	6,132,800
Sewer.....	2,661,860

TOTAL LONG TERM DEBT..... \$20,211,860

SHORT TERM DEBT:(Drinking Water Fund Loan) \$1,629,000

TOTAL DIRECT DEBT..... \$21,840,860

Less:

State School Construction Grants ²	\$188,891
Water Assessments ³	1,828,606
Sewer Assessments ³	711,027

TOTAL DIRECT NET DEBT..... \$19,112,335

TOTAL UNDERLYING DEBT..... 0

TOTAL NET DIRECT AND UNDERLYING DEBT... \$19,112,335

¹ Excludes capital lease obligations.

² Represents State of Connecticut School Construction Grants payable to the Town over the life of certain outstanding school loans.

³ As of June 30, 2009.

CURRENT DEBT RATIOS

July 13, 2010

(Pro Forma)

Population ¹	15,078
Net Taxable Grand List - 10/1/09 @ 70% of full value.....	\$1,173,557,686
Estimated Full Value.....	\$1,676,510,980
Equalized Net Taxable Grand List - 2008 ²	\$1,675,024,840
Money Income per Capita - 2000 ³	\$24,953

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	<u>\$21,840,860</u>	<u>\$19,112,335</u>	<u>\$19,112,335</u>
Per Capita.....	\$1,448.53	\$1,267.56	\$1,267.56
Ratio to Net Taxable Grand List.....	1.86%	1.63%	1.63%
Ratio to Estimated Full Value.....	1.30%	1.14%	1.14%
Ratio to Equalized Grand List.....	1.30%	1.14%	1.14%
Debt per Capita to Money Income per Capita....	5.81%	5.08%	5.08%

¹ State of Connecticut, Department of Health Services, 2008 Estimate of Population.

² Office of Policy and Management, State of Connecticut.

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

BOND AUTHORIZATION

The Town of Ledyard 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 procedural requirements of the Town Charter. Under the Charter, bond and note issues are authorized by the Town Meeting upon the recommendations of the Board of Finance, the Town Council and the Mayor.

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 temporary notes when they become due and payable and the legislative body schedules principal reductions no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years, or pursuant to Public Act No. 02-114, effective October 1, 2002, eight years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen 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).

LIMITATION OF INDEBTEDNESS

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

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

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

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

STATEMENT OF STATUTORY DEBT LIMITATION

As of July 13, 2010
(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2009.....	30,081,118
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	25,864
BASE.....	<u>\$30,106,982</u> ¹

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
DEBT LIMITATION:					
2¼ times base.....	\$67,740,710				
4½ times base.....		\$135,481,419			
3¾ times base.....			\$112,901,183		
3¼ times base.....				\$97,847,692	
3 times base.....					\$90,320,946
Total debt limitation.....	<u>\$67,740,710</u>	<u>\$135,481,419</u>	<u>\$112,901,183</u>	<u>\$97,847,692</u>	<u>\$90,320,946</u>
INDEBTEDNESS:					
Bonds Payable ² (Including this issue).....	\$3,127,200	\$6,132,800	\$2,661,860	\$0	\$0
Notes Payable ²					
Authorized but Unissued Debt ²	85	2,192,879	37,000		
TOTAL DIRECT INDEBTEDNESS.	<u>\$3,127,285</u>	<u>\$8,325,679</u>	<u>\$2,698,860</u>	<u>\$0</u>	<u>\$0</u>
Less:					
School Construction Grants...		\$188,891 ³			
Sewer Assessments.....			\$711,027 ⁴		
TOTAL NET INDEBTEDNESS.....	<u>\$3,127,285</u>	<u>\$8,136,788</u>	<u>\$1,987,833</u>	<u>\$0</u>	<u>\$0</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$64,613,425</u>	<u>\$127,344,631</u>	<u>\$110,913,350</u>	<u>\$97,847,692</u>	<u>\$90,320,946</u>

¹ Includes tax collections of coterminous municipality – Gales Ferry Fire District.

² As allowed under Connecticut General Statutes, excludes \$8,290,000 in Water Bonds, \$1,629,000 in Drinking Water Notes, and \$236,436 in authorized but unissued water debt.

³ Represents State of Connecticut School Construction Grants payable to the Town.

⁴ Represents Sewer Assessments receivable as of June 30, 2009.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$210,748,874.

AUTHORIZED BUT UNISSUED DEBT

As of July 13, 2010

(Pro Forma)

Project	Amount Authorized	Previously Bonded	Paydowns/ Grants	These Bonds	Debt Authorized but Unissued				
					General Purpose	Schools	Sewer	Water	Total
Lakeside Condo Sewers.....	\$1,075,000	\$965,000	\$8,000	\$65,000	\$0	\$0	\$37,000	\$0	\$37,000
Vo-Ag Center Improvements.....	4,856,380	0	4,636,721	193,800	0	25,859	0	0	25,859
Asbestos Abatement.....	766,116	0	612,511	153,600	0	5	0	0	5
Library Improvements.....	178,506	0	9,300	169,200	6	0	0	0	6
High School Roof.....	805,125	0	498,655	166,300	0	140,170	0	0	140,170
Police - Septic System, Parking Lot.....	60,410	0	3,331	57,000	79	0	0	0	79
HS School Roof Replacement - Phases II and III.....	1,230,000	0	0	361,000	0	869,000	0	0	869,000
Schools Asbestos Abatement Program - Year 1.....	370,000	0	0	208,100	0	161,900	0	0	161,900
Schools Asbestos Abatement Program - Year 2.....	1,200,000	0	0	400,000	0	800,000	0	0	800,000
High School Water Line.....	800,000	290,000	453,401	42,200	0	0	0	14,399	14,399
Design Gales Ferry Water System.....	2,585,000	2,140,500	386,521	0	0	0	0	57,979	57,979
Gales Ferry Water Distribution System....	9,000,000	5,809,500	3,049,241	0	0	0	0	141,259	141,259
Water to Ledyard Center.....	1,300,000	0	1,277,201	0	0	0	0	22,799	22,799
High School Renovations.....	6,000,000	2,650,000	3,154,055	0	0	195,945	0	0	195,945
Total.....	\$30,226,537	\$11,855,000	\$14,088,937	\$1,816,200	\$85	\$2,192,879	\$37,000	\$236,436	\$2,466,400

PRINCIPAL AMOUNT OF OUTSTANDING DEBT

<u>Long-Term Debt</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Bonds.....	\$12,674,007	\$13,989,590	\$15,305,173	\$16,625,756	\$17,901,340
<u>Short-Term Debt</u>					
Bond Anticipation Notes....	9,520,000	8,535,000	8,780,000	6,750,000	2,230,000
Totals.....	\$22,194,007	\$22,524,590	\$24,085,173	\$23,375,756	\$20,131,340

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME¹

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt ¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population ²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%) ³
2010	\$1,178,301,414	\$1,683,287,734	\$22,194,007	1.88%	1.32%	15,078	\$1,471.95	5.90%
2009	1,178,052,787	1,682,932,553	22,524,590	1.91%	1.34%	15,078	1,493.87	5.99%
2008	1,165,823,156	1,665,461,651	24,085,173	2.07%	1.45%	15,078	1,597.37	6.40%
2007	1,130,514,028	1,615,020,040	23,375,756	2.07%	1.45%	15,097	1,548.37	6.21%
2006	813,644,099	1,162,348,713	20,131,340	2.47%	1.73%	15,100	1,333.20	5.34%

¹ Excludes State of Connecticut School Construction Grants, actual and estimated, due to the Town of Ledyard over the life of the bond issues.

² State of Connecticut, Department of Health Services Estimates 2006-2008.

³ Income per Capita: 2000 - \$24,953; U.S. Department of Commerce, Bureau of Census, 2000 (Fiscal Year 2006-2010).

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS OUT

Fiscal Year Ended 6/30	Total Debt Service Expenditures	Total General Fund Expenditures and Transfers Out	Ratio of Total Debt Service Expenditures to Total General Fund Expenditures and Transfers Out % ¹
2009	\$1,333,081	50,657,147	2.63%
2008	1,187,500	47,143,842	2.52%
2007	935,098	46,660,117	2.00%
2006	860,657	45,399,195	1.90%
2005	703,409	42,314,892	1.66%

Source: Annual Audited Financial Statements 2005-2009.

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

VII. LEGAL AND OTHER LITIGATION

LITIGATION

Following consultation with the Town Attorney, Town officials advise that the Town of Ledyard, 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 Attorney's 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.

CLOSING DOCUMENTS TO BE FURNISHED AT CLOSING

Upon the delivery of the Bonds, the winning bidder will be furnished with the following respectively:

1. A Signature and No Litigation Certificate stating that at the time of delivery of the Bonds 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 Mayor, Director of Finance, and Treasurer, or any two of them, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids on the Bonds were accepted, the descriptions and statements in the Official Statement relating to the Town of Ledyard and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. A Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.
6. The Town of Ledyard, Connecticut has prepared an Official Statement for the Bond issue which is dated June 22, 2010. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15C2-12(b)(i), but it is subject to revision or amendment. The Town will make available to each winning purchaser of the Bonds 100 copies of the Official Statement at the Town's expense within seven business days of the bid opening. Additional copies may be obtained by the Purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

CONCLUDING STATEMENT

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

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

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town of Ledyard by the following officials:

TOWN OF LEDYARD, CONNECTICUT

Fred B. Allyn, Jr., *Mayor*

Marcia Hancock, *Director of Finance*

Nancy R. Gosselin, *Treasurer*

June _____, 2010

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Page</u>
<i>Independent Auditor's Report</i>	3
<i>Management Discussion and Analysis</i>	5

Exhibits:

Basic Financial Statements

Government-Wide Financial Statements:

A	Statement of Net Assets	15
B	Statement of Activities	17

Fund Financial Statements:

C	Balance Sheet – Governmental Funds and Reconciliation of Fund Balances to Net Assets of Governmental Activities	18
D	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	21
F	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	23
G	Statement of Net Assets – Proprietary Funds	24
H	Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	25
I	Statement of Cash Flows – Proprietary Funds	26
J	Statement of Fiduciary Net Assets	27
K	Statement of Changes in Fiduciary Net Assets.....	28
L	Notes to Basic Financial Statements.....	29

Required Supplementary Information:

RSI 1	Schedule of Funding Progress	55
RSI 2	Schedule of Employer Contributions	56

Appendix A - Basic Financial Statements - is taken from the Comprehensive Annual Financial Report of the Town of Ledyard for the Fiscal Year ended June 30, 2009 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Ledyard, Ledyard, Connecticut.



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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Ledyard, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ledyard, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic 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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic 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, each major fund, and the aggregate remaining fund information of the Town of Ledyard, 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 3, 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



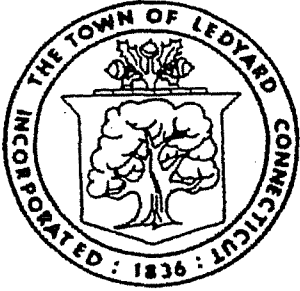
Town of Ledyard, Connecticut
Page Two

The Management Discussion and Analysis and Schedule of Funding Progress and Schedule of Employer Contributions - Ledyard Retirement System and Ledyard Other Post - Employment Benefits Plan on pages 5 through 14 and pages 55 through 56, respectively, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. 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 of Ledyard, Connecticut's basic financial statements. The accompanying introductory section, the financial information listed as supplemental schedules and the trend information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents 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 trend information 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.

Kostin, Ruffkess & Company, LLC

New London, Connecticut
February 3, 2010



TOWN OF LEDYARD CONNECTICUT OFFICE OF THE MAYOR

Fred B. Allyn, Jr.
Mayor

Sharon M. Dutra
Mayoral Assistant

741 Colonel Ledyard Highway
Ledyard, CT 06339-1551
(860) 464-3222
FAX (860) 464-8455

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

As management of the Town of Ledyard, we offer readers of the Town of Ledyard's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$68,176,086 (*net assets*). Of this amount, \$53,939,256 was attributable to Governmental Activities and \$14,236,830 to Business-Type Activities.
- The Town's total net assets decreased by \$385,652. This was due in part to a substantial decrease in investment income triggered by a downturn in the economy and falling interest rates.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund deficits of \$1,069,189, a decrease of \$693,691 in comparison with the prior year. The decrease is the result of increased capital project expenditures financed by temporary borrowings. The fund balance deficit will be eliminated by future debt issuance and grants.
- At the end of the fiscal year, the unreserved undesignated fund balance for the general fund was \$2,913,025 or 6.1% of total general fund expenditures and transfers out (budgetary basis).

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Ledyard's basic financial statements. The Town of Ledyard's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 of Ledyard 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, health and welfare, public works, library, parks and recreation and education. The business-type activities of the Town are for water operations and sewer operations.

The government-wide financial statements can be found on Exhibits A and B.

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 of Ledyard 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 Town'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 12 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 two funds considered to be major funds. Data from the other 10 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 in Schedules 4 and 5.

Major Governmental Funds

General
Capital Projects

Nonmajor Governmental Funds

Library Commission
Animal Control
Cafeteria
Education Grants
Sawmill Restoration

Miscellaneous State Grants
Town Aid Road
Costal Management
Parks and Recreation
Endowment Fund

The Town adopts an annual 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 C, D, E and F.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Proprietary funds. The Town of Ledyard maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water operations and its sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its medical benefits. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the water operations and for the sewer operations, which are considered to be major funds of the Town. The internal service fund financial statement provides information for the Town's medical plan benefits.

The basic proprietary fund financial statements can be found on Exhibits G, H and I.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. 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 J and K.

Notes to the basic 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 Exhibit L.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Ledyard's progress in funding its obligation to provide pension benefits to its employees.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Town of Ledyard, assets exceeded liabilities by \$68,176,086 at the close of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

TOWN OF LEDYARD
SUMMARY STATEMENT OF NET ASSETS
JUNE 30, 2009 AND 2008

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets.....	\$ 12,445,192	\$ 13,589,610	\$ 3,853,002	\$ 4,170,884	\$ 16,298,194	\$ 17,760,494
Capital assets (net).....	63,127,284	62,767,693	18,833,048	19,234,892	81,960,332	82,002,585
TOTAL ASSETS.....	75,572,476	76,357,303	22,686,050	23,405,776	98,258,526	99,763,079
Long-term liabilities outstanding.....	9,415,725	9,870,793	7,108,397	7,908,537	16,524,122	17,779,330
Other liabilities.....	12,217,495	11,928,975	1,340,823	1,333,397	13,558,318	13,262,372
TOTAL LIABILITIES.....	21,633,220	21,799,768	8,449,220	9,241,934	30,082,440	31,041,702
Net assets:						
Invested in capital assets, net of related debt.....	47,075,712	45,832,461	10,946,359	10,557,583	58,022,071	56,390,044
Restricted.....	74,328	73,895			74,328	73,895
Unrestricted.....	6,789,216	8,651,179	3,290,471	3,606,259	10,079,687	12,257,438
TOTAL NET ASSETS.....	\$ 53,939,256	\$ 54,557,535	\$ 14,236,830	\$ 14,163,842	\$ 68,176,086	\$ 68,721,377

The largest portion of the Town's net assets, \$58,022,071, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt and related liabilities used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets \$74,328 (0.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,079,687, may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Already noted was the statement of activities' purpose in presenting information on how the Town's net assets changed during the most recent fiscal year. A chart of changes in net assets follows. For the fiscal year, net assets decreased \$458,640. The decrease was due to substantially to a significant decrease in investment income.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**TOWN OF LEDYARD
CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
REVENUES:						
Program revenues:						
Charges for services.....	\$ 3,339,333	\$ 3,371,617	\$ 1,245,503	\$ 1,244,941	\$ 4,584,836	\$ 4,616,558
Operating grants and contributions.....	17,544,151	23,523,109			17,544,151	23,523,109
Capital grants and contributions.....	489,183	82,651			489,183	82,651
General revenues:						
Property taxes.....	30,139,403	29,112,909			30,139,403	29,112,909
Grants and contributions not restricted to specific programs.....	1,601,168	1,483,639		1,519,042	1,601,168	3,002,681
Investment income.....	152,376	533,451	14,402	22,636	166,778	556,087
Miscellaneous.....	45,740	244,161			45,740	244,161
TRANSFERS.....	(739,886)	(760,351)	739,886	760,351	-	-
TOTAL REVENUES.....	52,571,468	57,591,186	1,999,791	3,546,970	54,571,259	61,138,156
EXPENSES:						
General government.....	2,807,926	3,024,173			2,807,926	3,024,173
Public safety.....	4,270,687	4,202,019			4,270,687	4,202,019
Health and welfare.....	1,673,737	1,652,113			1,673,737	1,652,113
Public works.....	3,907,096	5,607,526			3,907,096	5,607,526
Library.....	851,935	826,379			851,935	826,379
Parks and recreation.....	782,280	811,023			782,280	811,023
Education.....	38,147,853	43,608,291			38,147,853	43,608,291
Interest expense.....	588,594	659,758			588,594	659,758
Water department.....			1,226,931	1,195,225	1,226,931	1,195,225
Sewer department.....			699,872	728,974	699,872	728,974
TOTAL EXPENSES.....	53,030,108	60,391,282	1,926,803	1,924,199	54,956,911	62,315,481
CHANGE IN NET ASSETS.....	(458,640)	(2,800,096)	72,988	1,622,771	(385,652)	(1,177,325)
NET ASSETS - JULY 1 (AS RESTATED)..	54,397,896	57,357,631	14,163,842	12,541,071	68,561,738	69,898,702
NET ASSETS - JUNE 30.....	\$ 53,939,256	\$ 54,557,535	\$ 14,236,830	\$ 14,163,842	\$ 68,176,086	\$ 68,721,377

Significant changes from the prior year for revenues are as follows:

- Property taxes increased by \$1,026,494 as a result of normal growth in the budget, with the biggest increase being for education.
- Operating grants and contributions decreased by \$5,978,958 due mostly to a decrease in the amount of payments made by the State on behalf of the Town's teachers (pension and retiree medical insurance).
- Investment income decreased by \$381,075 due to the economic downturn and falling interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Governmental activities (Continued)

Revenues

Governmental activities revenues totaled \$52,571,468 for fiscal year 2009. Property taxes are the largest revenue source for the Town and represent 57.3% of governmental revenues. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues include grants for the school lunch program, education, law enforcement, and public works. Operating grants and contributions revenues account for 33.4% of governmental revenues for the year. Charges for services, the third largest revenue, amount to 6.4% of governmental revenues. Charges for services include the school lunch program, adult education, nurses, vocational agriculture and other tuition and park and recreation programs. Grants and contributions not restricted to specific programs account for 3.0% and include elderly tax relief, Mashantucket/Mohegan grant in lieu of tax contributions. Capital grants and contributions amount to 0.9% of revenue and are made up of mostly school building grants, public works grants and LOCIP grant. Investment income represents 0.3% of governmental revenue. Miscellaneous revenues account for the remaining governmental revenues and amount to 0.1% of governmental revenues.

Expenses

Significant changes from the prior year are as follows:

- Public works expenses decreased by \$1,700,430 due to a decrease of approximately \$1,378,000 in the amount of capital assets that were transferred to the Town's business-type activities in the prior year. The balance of the reduction is attributable to a decrease in general maintenance expenses in comparison to the prior year.
- Education expenses decreased by \$5,460,438 due substantially to a decrease in the amount of payments made by the State on behalf of the Town's teachers (pension and retiree medical insurance).

Governmental activities expenses totaled \$53,030,108 for the fiscal year. Of the expenditures, 71.9% or \$38,147,853 was for education. Public safety expenses amounted to \$4,270,687, or 8.1%, while public works amounted to \$3,907,096 or 7.4%. Library expenses were \$851,935 or 1.6%. Park and recreation expenses were \$782,280 or 1.5%. Interest expense was \$588,594 or 1.1%. General government expenses were \$2,807,926, or 5.3%, and health and welfare expenses were \$1,673,737 or 3.2%.

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services and transfers from the general fund. Of the \$1,999,791 in revenue from the Water department and Sewer department, 62.3% comes from charges for services and 37.0% from transfers. Investment income makes up the final 0.7% of revenues for the Town's business activities.

Significant changes from the prior year were as follows:

- Investment income decreased \$8,234 due to the economic downturn and falling interest rates.
- Grants and contributions not restricted to specific programs decreased by \$1,519,042 due substantially to the Town's contribution of various water lines constructed during the prior year to the Water department.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Business-Type Activities (Continued)

Expenses

Business-type expenses totaled \$1,226,931 and \$699,872 for the Water and Sewer departments, respectively, for fiscal year ended June 30, 2009.

Financial Analysis of the Town'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.

The combined fund balances of governmental funds for the fiscal year ended June 30, 2009, was a deficit of \$(1,069,189), a decrease of \$693,691 in comparison with the prior year.

General Fund

The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$2,913,025, while total fund balance reached \$3,618,581. Current tax collections were 98.84% of the adjusted tax levy. Reservations of general fund balance (not available for new spending because it has already been committed) include \$257,613 for encumbrances and \$30,000 for advances to other fund. Additionally, \$417,943 of the unreserved fund balance has been designated for use in the subsequent year budget.

The fund balance of the general fund increased by \$265,388 during the fiscal year due to favorable expenditure budget variances resulting from careful cost monitoring by town staff.

Capital Projects Fund

The capital projects fund's expenditures and transfers out exceeded its revenues and other financing sources by \$956,893 for the fiscal year. This is the net result of construction activity being funded through bond anticipation notes which will be paid with the issuance of bonds during future years once the projects are completed.

Proprietary funds. The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise fund posted an overall increase in net assets of \$72,988 for the fiscal year ended June 30, 2009. The Town's self-insured medical benefits fund recorded a decrease in net assets for the year of \$625,442.

Water Fund

Unrestricted net assets of the water fund at the end of the year amounted to \$1,578,001.

Sewer Fund

Unrestricted net assets of the sewer fund at the end of the year amounted to \$1,712,470.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds (Continued)

Self-Insured Medical Benefits Internal Service Fund

Unrestricted net assets of the self-insured medical benefits fund at the end of the year amounted to \$1,829,148.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2009 can be found on Exhibit F. A summary of that schedule follows:

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUES & OTHER FINANCING SOURCES</u>				
Taxes	\$ 29,999,365	\$ 29,999,365	\$ 30,149,097	\$ 149,732
All other revenues	18,039,969	18,039,969	17,667,250	(372,719)
Appropriation of fund balance	150,000	195,140		(195,140)
Transfers in and cancellation of encumbrances	425,190	425,190	426,229	1,039
Total	48,614,524	48,659,664	48,242,576	(417,088)
<u>EXPENDITURES & OTHER FINANCING USES</u>				
Expenditures	46,850,482	46,895,622	46,312,744	582,878
Transfers out	1,764,042	1,764,042	1,764,042	-
Total	48,614,524	48,659,664	48,076,786	582,878
CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 165,790	\$ 165,790

- During the year there were additional appropriations of \$45,140 from fund balance. Overall, revenues were below budgetary estimates and expenditures also were below budgeted amounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration

At June 30, 2009, the Town of Ledyard's investment in capital assets in both governmental and business-type activities amounted to \$81,960,332, net of depreciation. This includes land, building, equipment, and infrastructure. Capital assets for governmental activities increased by 0.6% (net), while business-type capital assets decreased 2.1% (net). These changes included the following:

Construction in progress increased \$881,731 for governmental-type activities. The increase in the governmental-type activities was due substantially to the Route 117 water line construction project. Additional assets totaling \$871,957 were added during the year.

TOWN OF LEDAYRD CAPITAL ASSETS - NET JUNE 30, 2009 AND 2008

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land.....	\$ 5,913,572	\$ 5,913,572	\$ 984,286	\$ 984,286	\$ 6,897,858	\$ 6,897,858
Construction in progress.....	5,478,456	4,596,725			5,478,456	4,596,725
Land improvements.....	1,238,567	1,218,962			1,238,567	1,218,962
Buildings and improvements.....	37,372,385	37,776,820	51,054	53,066	37,423,439	37,829,886
Distribution and collection system.....			17,312,884	17,680,874	17,312,884	17,680,874
Machinery and equipment.....	1,553,251	1,519,662	449,410	474,344	2,002,661	1,994,006
Vehicles.....	3,167,463	3,343,898	35,414	42,322	3,202,877	3,386,220
Infrastructure.....	8,403,590	8,398,054			8,403,590	8,398,054
TOTAL.....	\$ 63,127,284	\$ 62,767,693	\$ 18,833,048	\$ 19,234,892	\$ 81,960,332	\$ 82,002,585

Additional information on the Town's capital assets can be found on Exhibit L (III) C.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets and Debt Administration (Continued)

Long-term debt

For the year ended June 30, 2009, the Town's long-term debt decreased by \$1,444,585 due to scheduled principal payments. At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$15,474,268. Of this amount, \$7,540,000 less \$243,460 to be funded from state grants, comprises debt backed by the full faith and credit of the Town, and \$7,934,268 is water and sewer operations debt for which the Town is liable in the event of default by the property owners subject to the water and sewer assessments.

TOWN OF LEDYARD'S OUTSTANDING DEBT **General Obligation, Sewer Bonds, Clean Water and Water Notes**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	2009	2008	2009	2008	2009	2008
General purpose bonds.....	\$ 4,660,000	\$ 4,850,000	\$	\$	\$ 4,660,000	\$ 4,850,000
School bonds.....	2,880,000	3,340,000			2,880,000	3,340,000
Clean water notes			1,249,590	1,395,174	1,249,590	1,395,174
Sewer bonds			785,000	845,000	785,000	845,000
Water notes			1,484,678	1,613,679	1,484,678	1,613,679
Water bonds			4,415,000	4,875,000	4,415,000	4,875,000
Total.....	\$ 7,540,000	\$ 8,190,000	\$ 7,934,268	\$ 8,728,853	\$ 15,474,268	\$ 16,918,853

The Town maintains an "A1" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$210,748,874, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Exhibit L (III) F.

Next Year's Budget and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2010 budget. The Town decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2010 budget, the Town recognized the need to continue its pattern of cost containment.

The 2010 general fund budget will be \$48,412,952, a decrease of 0.41% over the prior year. Downward pressures on the 2010 estimated revenue, especially in the area of grants from the state, reduced non-tax revenues.

Requests for Information

This financial report is designed to familiarize our citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or request for additional financial information, should be directed to Finance Director, 741 Colonel Highway, Ledyard, CT 06339-1541, Telephone (860) 464-3235.

Basic Financial Statements

TOWN OF LEDYARD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Current assets:			
Cash.....	\$ 7,281,307	\$ 995,637	\$ 8,276,944
Investments.....	3,926,234		3,926,234
Receivables:			
Property taxes.....	417,442		417,442
Assessments.....		191,700	191,700
Use charges.....		106,827	106,827
Intergovernmental.....	191,900		191,900
Other.....	192,908		192,908
Internal balances.....	40,528	(40,528)	-
Total current assets.....	12,050,319	1,253,636	13,303,955
Noncurrent assets:			
Restricted Assets:			
Temporarily restricted cash.....	31,914		31,914
Permanently restricted cash.....	42,414		42,414
Total restricted assets.....	74,328	-	74,328
Receivables (net):			
Property taxes.....	84,645		84,645
Assessments.....		2,539,633	2,539,633
Intergovernmental.....	206,494		206,494
Total receivables (net).....	291,139	2,539,633	2,830,772
Other noncurrent asset:			
Other asset.....	29,406	59,733	89,139
Capital assets (net of accumulated depreciation):			
Land.....	5,913,572	984,286	6,897,858
Construction in progress.....	5,478,456		5,478,456
Land improvements.....	1,238,567		1,238,567
Buildings and improvements.....	37,372,385	51,054	37,423,439
Distribution and collection system.....		17,312,884	17,312,884
Machinery and equipment.....	1,553,251	449,410	2,002,661
Vehicles.....	3,167,463	35,414	3,202,877
Infrastructure.....	8,403,590		8,403,590
Total capital assets (net of accumulated depreciation).....	63,127,284	18,833,048	81,960,332
Total noncurrent assets.....	63,522,157	21,432,414	84,954,571
TOTAL ASSETS.....	75,572,476	22,686,050	98,258,526

(Continued)

TOWN OF LEDYARD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
LIABILITIES:			
Current liabilities:			
Accounts payable.....	\$ 2,039,162	\$ 94,510	\$ 2,133,672
Accrued payroll and related liabilities.....	187,662	39,233	226,895
Accrued interest payable.....	309,439	83,049	392,488
Unearned revenue.....	200,633	324,027	524,660
Bond anticipation notes.....	8,535,000		8,535,000
Bonds and notes payable.....	650,000	800,004	1,450,004
Capital lease payable.....	1,949		1,949
Landfill postclosure costs.....	12,250		12,250
Compensated absences.....	281,400		281,400
Total current liabilities.....	12,217,495	1,340,823	13,558,318
Noncurrent liabilities:			
Bonds and notes payable and related liabilities.....	6,864,623	7,086,685	13,951,308
Landfill postclosure costs.....	232,750		232,750
Compensated absences.....	1,125,598		1,125,598
Net OPEB obligations.....	346,000		346,000
Net pension obligations.....	846,754	21,712	868,466
Total noncurrent liabilities.....	9,415,725	7,108,397	16,524,122
TOTAL LIABILITIES.....	21,633,220	8,449,220	30,082,440
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt.....	47,075,712	10,946,359	58,022,071
Restricted for:			
Endowments:			
Nonexpendable.....	42,414		42,414
Expendable.....	31,914		31,914
Unrestricted.....	6,789,216	3,290,471	10,079,687
TOTAL NET ASSETS.....	\$ 53,939,256	\$ 14,236,830	\$ 68,176,086

(Concluded)

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

EXHIBIT B

TOWN OF LEDYARD, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUES (EXPENSES) AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government.....	\$ 2,807,926	\$ 192,153	\$ 7,093	\$	\$ (2,608,680)	\$	\$ (2,608,680)
Public safety.....	4,270,687	345,674	60,810		(3,864,203)		(3,864,203)
Health and welfare.....	1,673,737	453,844	23,462		(1,196,431)		(1,196,431)
Public works.....	3,907,096	181,553	115,669	489,183	(3,120,691)		(3,120,691)
Library.....	851,935	16,226	51,659		(784,050)		(784,050)
Parks and recreation.....	782,280	97,119			(685,161)		(685,161)
Education.....	38,147,853	2,052,764	17,285,458		(18,809,631)		(18,809,631)
Interest expense.....	588,594				(588,594)		(588,594)
TOTAL GOVERNMENTAL ACTIVITIES.....	53,030,108	3,339,333	17,544,151	489,183	(31,657,441)	-	(31,657,441)
BUSINESS-TYPE ACTIVITIES:							
Water department.....	1,226,931	769,665				(457,266)	(457,266)
Sewer department.....	699,872	475,838				(224,034)	(224,034)
TOTAL BUSINESS-TYPE ACTIVITIES.....	1,926,803	1,245,503	-	-	-	(681,300)	(681,300)
TOTAL.....	\$ 54,956,911	\$ 4,584,836	\$ 17,544,151	\$ 489,183	\$ (31,657,441)	\$ (681,300)	\$ (32,338,741)
GENERAL REVENUES:							
Property taxes.....					\$ 30,139,403	\$	\$ 30,139,403
Grants and contributions not restricted to specific programs.....					1,601,168		1,601,168
Investment income.....					152,376	14,402	166,778
Miscellaneous.....					45,740		45,740
TRANSFERS.....					(739,886)	739,886	-
TOTAL GENERAL REVENUES.....					31,198,801	754,288	31,953,089
CHANGE IN NET ASSETS.....					(458,640)	72,988	(385,652)
NET ASSETS - JULY 1, 2008 (AS RESTATED).....					54,397,896	14,163,842	68,561,738
NET ASSETS - JUNE 30, 2009.....					\$ 53,939,256	\$ 14,236,830	\$ 68,176,086

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

TOWN OF LEDYARD, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 3,377,689	\$ 3,540,361	\$ 417,131	\$ 7,335,181
Investments.....	1,608,835	60		1,608,895
Receivables:				
Property taxes.....	503,469			503,469
Intergovernmental.....		63,186	63,590	126,776
Other.....	128,623	64,285		192,908
Due from other funds.....	52,283	246,176	41	298,500
Advance to water fund.....	30,000			30,000
TOTAL ASSETS.....	\$ 5,700,899	\$ 3,914,068	\$ 480,762	\$ 10,095,729
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable.....	\$ 1,225,305	\$ 165,588	\$ 139,624	\$ 1,530,517
Accrued payroll/liabilities.....	187,662			187,662
Due to other funds.....	246,217	23,592	18,163	287,972
Deferred and unearned revenue.....	423,134	135,184	65,449	623,767
Bond anticipation notes.....		8,535,000		8,535,000
Total Liabilities.....	2,082,318	8,859,364	223,236	11,164,918
Fund Balances:				
Reserved for:				
Encumbrances.....	257,613			257,613
Advance.....	30,000			30,000
Endowments.....			42,414	42,414
Unreserved, reported in:				
Designated for subsequent year budget.....	417,943			417,943
General fund.....	2,913,025			2,913,025
Special revenue funds.....			183,198	183,198
Capital project funds.....		(4,945,296)		(4,945,296)
Permanent funds.....			31,914	31,914
Total Fund Balances	3,618,581	(4,945,296)	257,526	(1,069,189)
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,700,899	\$ 3,914,068	\$ 480,762	\$ 10,095,729

(Continued)

TOWN OF LEDYARD, CONNECTICUT

**RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1)..... \$ (1,069,189)

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES
AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets.....	62,767,693
Current year capital asset additions.....	1,753,688
Depreciation expense.....	(1,343,156)
Disposal of capital assets.....	(50,941)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD
EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:

Property tax, interest and lien accrual.....	109,618
Property tax receivable - accrual basis change.....	423,134
School building grant receivable.....	271,618
Allowance for doubtful accounts.....	(111,000)
Other.....	29,406

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF
MEDICAL INSURANCE PREMIUMS TO INDIVIDUAL DEPARTMENTS:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....	1,829,148
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SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE
CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds payable.....	(7,540,000)
Deferred charges.....	63,854
Bond premium.....	(38,477)
Capital leases.....	(1,949)
Landfill closure and postclosure liability.....	(245,000)
Compensated absences.....	(1,406,998)
Net OPEB obligation.....	(346,000)
Net pension obligation.....	(846,754)
Accrued interest payable.....	(309,439)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 53,939,256</u>
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(Concluded)

EXHIBIT D**TOWN OF LEDYARD, CONNECTICUT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 30,149,097	\$	\$	\$ 30,149,097
Intergovernmental.....	17,833,535	489,183	1,206,567	19,529,285
Charges for services.....	2,395,940	429,491	513,902	3,339,333
Investment income.....	118,775	9,787	3,075	131,637
Contributions.....		13,905	159,042	172,947
Other.....		45,740		45,740
TOTAL REVENUES.....	50,497,347	988,106	1,882,586	53,368,039
EXPENDITURES:				
Current:				
General government.....	1,517,760			1,517,760
Department of finance.....	518,898			518,898
Commissions.....	40,165			40,165
Boards and committees.....	4,562			4,562
Fixed charges.....	6,503,684			6,503,684
Public safety.....	2,930,454		76,454	3,006,908
Health and welfare.....	1,115,078			1,115,078
Public works.....	2,491,982		112,836	2,604,818
Library.....	577,947		11,351	589,298
Parks and recreation.....	461,734		9,655	471,389
Education.....	31,244,141		1,752,444	32,996,585
Capital outlay.....	153,619	2,465,999		2,619,618
Debt service.....	1,333,081			1,333,081
TOTAL EXPENDITURES.....	48,893,105	2,465,999	1,962,740	53,321,844
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,604,242	(1,477,893)	(80,154)	46,195
OTHER FINANCING SOURCES (USES):				
Transfers in.....	425,188	631,000	78,100	1,134,288
Transfers out.....	(1,764,042)	(110,000)	(132)	(1,874,174)
NET OTHER FINANCING SOURCES (USES).....	(1,338,854)	521,000	77,968	(739,886)
NET CHANGE IN FUND BALANCES.....	265,388	(956,893)	(2,186)	(693,691)
FUND BALANCE - JULY 1, 2008 (AS RESTATED).....	3,353,193	(3,988,403)	259,712	(375,498)
FUND BALANCES - JUNE 30, 2009.....	\$ 3,618,581	\$ (4,945,296)	\$ 257,526	\$ (1,069,189)

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

TOWN OF LEDYARD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (693,691)

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. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	1,753,688
Depreciation expense.....	(1,343,156)

Total.....	410,532
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the ~~loss~~ the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.....

Loss on disposal of assets.....	(50,941)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

School building grant receipts.....	(67,730)
Change in property tax receivable - accrual basis change.....	(8,833)
Change in property tax interest and lien revenue.....	(1,861)
Change in property tax allowance for doubtful accounts.....	1,000

Total.....	(77,424)
------------	----------

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. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Bond premium.....	3,207
Deferred charges.....	(5,321)
Other.....	(2,451)

Total	(4,565)
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(Continued)

TOWN OF LEDYARD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Principal repayments:	
General obligation bonds.....	\$ 650,000
Capital lease.....	<u>22,631</u>
Total	<u>672,631</u>
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:	
Compensated absences.....	(45,124)
Settlement.....	15,000
Landfill.....	12,250
Net pension obligation (asset).....	175,082
Net OPEB obligation.....	(346,000)
Accrued interest payable.....	<u>99,052</u>
Total	<u>(89,740)</u>
Internal Service Funds are used by management to charge costs of medical insurance premiums to individual departments.....	<u>(646,181)</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>20,739</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ (458,640)</u>
	(Concluded)

TOWN OF LEDYARD, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 29,999,365	\$ 29,999,365	\$ 30,149,097	\$ 149,732
Intergovernmental.....	14,934,014	14,934,014	15,152,535	218,521
Charges for services.....	2,855,955	2,855,955	2,395,940	(460,015)
Investment income.....	250,000	250,000	118,775	(131,225)
TOTAL REVENUES.....	48,039,334	48,039,334	47,816,347	(222,987)
EXPENDITURES:				
Current:				
General government.....	1,510,615	1,576,447	1,542,210	34,237
Department of finance.....	540,637	541,964	520,694	21,270
Commissions.....	41,998	41,967	32,865	9,102
Boards and committees.....	3,651	6,344	4,562	1,782
Fixed charges.....	6,668,064	6,675,358	6,635,670	39,688
Public safety.....	2,990,146	2,945,148	2,932,325	12,823
Health and welfare.....	1,206,752	1,206,514	1,130,140	76,374
Public works.....	2,414,001	2,423,069	2,422,956	113
Library.....	586,973	586,973	577,947	9,026
Parks and recreation.....	467,330	467,330	461,734	5,596
Education.....	28,613,148	28,613,148	28,563,141	50,007
Capital outlay.....	155,350	159,543	155,419	4,124
Debt service.....	1,651,817	1,651,817	1,333,081	318,736
TOTAL EXPENDITURES.....	46,850,482	46,895,622	46,312,744	582,878
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,188,852	1,143,712	1,503,603	359,891
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	150,000	195,140		(195,140)
Cancellation of prior year encumbrances.....			1,041	1,041
Transfers in.....	425,190	425,190	425,188	(2)
Transfers out.....	(1,764,042)	(1,764,042)	(1,764,042)	-
NET OTHER FINANCING SOURCES (USES).....	(1,188,852)	(1,143,712)	(1,337,813)	(194,101)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	165,790	\$ 165,790
FUND BALANCE - JULY 1, 2008.....			3,195,178	
FUND BALANCE - JUNE 30, 2009.....			\$ 3,360,968	

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

TOWN OF LEDYARD, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			INTERNAL SERVICE FUND
	WATER	SEWER	TOTAL	
<u>ASSETS</u>				
Current assets:				
Cash.....	\$ 20,994	\$ 974,643	\$ 995,637	\$ 20,454
Investments.....				2,317,339
Receivables (net):				
Assessments.....	116,700	75,000	191,700	
Use charges.....	62,086	44,741	106,827	
Due from other funds.....	22,678	914	23,592	
Total current assets.....	222,458	1,095,298	1,317,756	2,337,793
Noncurrent assets:				
Receivables:				
Assessments.....	1,828,606	711,027	2,539,633	
Other asset.....	59,733		59,733	
Capital assets (net):				
Land.....	682,578	301,708	984,286	
Buildings and improvements.....	46,282	4,772	51,054	
Distribution and collection systems.....	12,580,845	4,732,039	17,312,884	
Machinery and equipment.....	400,782	48,628	449,410	
Vehicles.....	18,321	17,093	35,414	
Total capital assets (net).....	13,728,808	5,104,240	18,833,048	-
Total noncurrent assets.....	15,617,147	5,815,267	21,432,414	-
TOTAL ASSETS.....	15,839,605	6,910,565	22,750,170	2,337,793
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable.....	41,038	23,656	64,694	508,645
Accrued interest payable.....	74,402	8,647	83,049	
Due to other funds.....	34,957	28,979	63,936	
Unearned revenue.....	318,518	5,509	324,027	
Advance from general fund.....	30,000		30,000	
Other.....	21,723	17,510	39,233	
Bonds, notes and loans payable.....	594,421	205,583	800,004	
Total current liabilities.....	1,115,059	289,884	1,404,943	508,645
Noncurrent liabilities:				
Bonds, notes and loans payable.....	5,257,678	1,829,007	7,086,685	
Net pension obligation.....	12,158	9,554	21,712	
Total noncurrent liabilities.....	5,269,836	1,838,561	7,108,397	-
TOTAL LIABILITIES.....	6,384,895	2,128,445	8,513,340	508,645
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt.....	7,876,709	3,069,650	10,946,359	
Unrestricted.....	1,578,001	1,712,470	3,290,471	1,829,148
TOTAL NET ASSETS.....	\$ 9,454,710	\$ 4,782,120	\$ 14,236,830	\$ 1,829,148

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

TOWN OF LEDYARD, CONNECTICUTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			INTERNAL SERVICE FUND
	WATER	SEWER	TOTAL	
OPERATING REVENUES:				
Charges for services.....	\$ 744,408	\$ 469,011	\$ 1,213,419	\$ 5,505,861
Other.....	25,257	6,827	32,084	
TOTAL OPERATING REVENUES.....	769,665	475,838	1,245,503	5,505,861
OPERATING EXPENSES:				
Medical claims.....			-	5,406,107
Administration.....			-	745,935
Personnel services.....	383,145	315,031	698,176	
Repairs and maintenance.....	197,857	25,161	223,018	
Contracted services.....	50,349	30,372	80,721	
Materials and supplies.....	33,662	43,109	76,771	
Utilities.....	61,340	64,241	125,581	
Contingency.....	60		60	
Bad debt.....	6,000	4,000	10,000	
Insurance.....		1,772	1,772	
Depreciation.....	244,339	157,505	401,844	
TOTAL OPERATING EXPENSES.....	976,752	641,191	1,617,943	6,152,042
OPERATING INCOME (LOSS).....	(207,087)	(165,353)	(372,440)	(646,181)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	1,778	12,624	14,402	20,739
Interest expense.....	(250,179)	(58,681)	(308,860)	
NET NONOPERATING REVENUES (EXPENSES).....	(248,401)	(46,057)	(294,458)	20,739
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS.....	(455,488)	(211,410)	(666,898)	(625,442)
TRANSFERS:				
Transfers in.....	790,577	264,365	1,054,942	
Transfers out.....	(315,056)		(315,056)	
NET TRANSFERS.....	475,521	264,365	739,886	-
CHANGE IN NET ASSETS.....	20,033	52,955	72,988	(625,442)
TOTAL NET ASSETS - JULY 1, 2008.....	9,434,677	4,729,165	14,163,842	2,454,590
TOTAL NET ASSETS - JUNE 30, 2009.....	\$ 9,454,710	\$ 4,782,120	\$ 14,236,830	\$ 1,829,148

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

EXHIBIT I

TOWN OF LEDYARD, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			INTERNAL SERVICE FUND
	WATER	SEWER	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers.....	\$ 1,040,918	\$ 586,492	\$ 1,627,410	\$ 5,581,644
Payments to suppliers.....	(375,439)	(163,792)	(539,231)	(745,935)
Payments to employees.....	(385,327)	(316,949)	(702,276)	(5,344,253)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	280,152	105,751	385,903	(508,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds.....	790,577	264,365	1,054,942	
Transfers to other funds.....	(315,056)		(315,056)	
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES.....	475,521	264,365	739,886	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments (bonds and bond anticipation notes).....	(585,036)	(205,584)	(790,620)	
Interest payments.....	(257,586)	(59,288)	(316,874)	
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....	(842,622)	(264,872)	(1,107,494)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	1,778	12,624	14,402	20,739
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(85,171)	117,868	32,697	(487,805)
CASH AND CASH EQUIVALENTS - JULY 1, 2008.....	106,165	856,775	962,940	2,825,598
CASH AND CASH EQUIVALENTS - JUNE 30, 2009.....	\$ 20,994	\$ 974,643	\$ 995,637	\$ 2,337,793
RECONCILIATION TO EXHIBIT G - CASH:				
CASH AND CASH EQUIVALENTS PER ABOVE.....	\$ 20,994	\$ 974,643	\$ 995,637	\$ 2,337,793
CASH AND CASH EQUIVALENTS REPORTED AS INVESTMENTS.....				(2,317,339)
CASH - EXHIBIT G.....	\$ 20,994	\$ 974,643	\$ 995,637	\$ 20,454
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (207,087)	\$ (165,353)	\$ (372,440)	\$ (646,181)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation.....	244,339	157,505	401,844	
(Increase) decrease in:				
Receivables.....	271,253	110,654	381,907	75,783
Increase (decrease) in:				
Accounts payable.....	3,829	6,191	10,020	61,854
Due to other funds.....		(1,328)	(1,328)	
Advance to general fund.....	(30,000)		(30,000)	
Net pension obligation.....	(2,182)	(1,918)	(4,100)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 280,152	\$ 105,751	\$ 385,903	\$ (508,544)

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

TOWN OF LEDYARD, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	PENSION TRUST FUND	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$	\$ 311,864	\$ 1,121,029
Investments:			
Other fixed income.....	1,255,888		
Common stock.....	712,092		
Equity - mutual funds.....	3,545,081		
Bond - mutual funds.....	3,131,188		
Money market - mutual funds.....	157,833		
Total investments.....	8,802,082	-	-
Receivable:			
Employer contribution.....	656,348		
Due from other funds.....	29,816		
TOTAL ASSETS.....	9,488,246	311,864	1,121,029
<u>LIABILITY</u>			
LIABILITY:			
Accounts payable.....			1,121,029
<u>NET ASSETS</u>			
Held in trust for:			
Employees' pension benefits.....	9,488,246		
Individuals.....		311,864	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	\$ 9,488,246	\$ 311,864	\$ -

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

TOWN OF LEDYARD, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	PENSION TRUST FUND	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 1,231,247	\$
Plan members.....	329,502	
Private contributions.....		18,463
Total contributions.....	1,560,749	18,463
Investment income (loss):		
Net change in fair value of investments.....	(2,482,050)	
Interest and dividends.....	771,748	6,668
Total investment income (loss).....	(1,710,302)	6,668
Less investment expenses.....	87,497	
Net investment income (loss).....	(1,797,799)	6,668
TOTAL ADDITIONS.....	(237,050)	25,131
DEDUCTIONS:		
Benefits.....	481,962	
Administration.....	30,690	
Scholarships awarded.....		19,247
TOTAL DEDUCTIONS.....	512,652	19,247
CHANGES IN NET ASSETS.....	(749,702)	5,884
NET ASSETS - JULY 1, 2008.....	10,237,948	305,980
NET ASSETS - JUNE 30, 2009.....	\$ 9,488,246	\$ 311,864

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

TOWN OF LEDYARD, CONNECTICUTNOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009HISTORY AND ORGANIZATION

The Town of Ledyard was incorporated in 1836 and covers an area of 40.5 square miles. The Town operates under the provisions of its Charter and General Statutes of the State of Connecticut. The Mayor, who is the chief executive officer, is directly responsible for the administration of all departments, agencies, and offices. The Town provides the following services: general government, public safety, public works, parks and recreation, library, health and human services, water pollution control and education.

The legislative power of the Town is vested in the Town Council, which consists of nine members, unless otherwise provided by the Charter. The Department of Finance, under the supervision of the Director of Finance (appointed by the Mayor), is responsible for keeping accounts and financial records, the assessment and collection of taxes, the collection of special assessments and other revenues, the custody and disbursement of Town funds, the control over expenditures and such other powers and duties as may be required by ordinance or resolution of the Town Council. The Town Treasurer, appointed by the Town Council, has all power and duties conferred or imposed by law.

The Town has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESA. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

B. 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 do not have a measurement focus but are accounted for on the accrual basis of accounting.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 60 days of the end of the current fiscal period. 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.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town'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 *Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the Town's water operations.

The *Sewer Fund* accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for self-insured health benefits for Town employees.

The *Pension Trust Fund* accounts for the activities of the Ledyard Retirement System, which accumulates resources for pension benefit payments to qualified employees.

Private Purpose Trust Funds are used to account for resources restricted for various scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Funds* account for monies held on behalf of students and amounts held for performance bonds.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has 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 payments-in-lieu of taxes and other charges between the Town's water and sewer funds and various other functions of the Town. 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 producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds and of the Town's internal service fund are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service fund 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 Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Deposits - The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

The Town's pension funds do not have an investment policy; however, the Town has agreements with the investment advisors, who manage the investment portfolios and have full authority for the investment and reinvestment of pension fund assets.

Investments for the Town are reported at fair value. State Treasurer's Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the fixed income investments was invested in a 2a-7 like pool which operates under State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

a. Interfunds

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 non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, and water and sewer use are shown net of an allowance for uncollectibles. Allowance percentages range from 15% to 33% of outstanding receivable balances, and are calculated upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the sixty day period have been recorded as revenue.

Property taxes are assessed on property as of October 1 and billed the following July. Property tax bills over \$99 are due in two installments, July 1 and January 1, except for motor vehicle bills which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of market value. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Restricted Assets

The restricted assets for the Town are restricted for scholarship purposes in accordance with the donors' requirements.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. No interest expenses were capitalized by the Town during the current fiscal year.

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

<u>Assets</u>	<u>Years</u>
Buildings	40 - 80
Building improvements	20-25
Land improvements	2 - 100
Machinery and equipment	5-20
Vehicles	10 - 20
Sewer plant	50
Sewer transmission lines	100
Water lines	100
Roads	50 - 100

5. Compensated Absences

All employees are granted vacation and sick time based upon contractual provisions. The eligibility for vacation time vests when earned. Sick time vests for certain employees based upon years of service. The liability for the vested sick and vacation time has been recorded in the government-wide financial statements, as well as the enterprise fund's financial statements.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

6. 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.

7. Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

8. Estimates

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

9. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements:

- The Mayor compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Town Council. The Board of Education files a detailed estimate of expenditures with the Mayor for transmittal to the Town Council. The Town Council, after its review process, prepares and presents a recommended budget for Town Meeting approval.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Legislative Council and, if necessary, Town Meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- Individual additional appropriations of less than one percent of the current tax levy can be made by the Council, the accumulative total of which can not exceed two percent of the current tax levy. During the year the General Fund budget was increased by \$45,140 from additional appropriations from fund balance.

Additional appropriations of more than one percent, and any resolution authorizing the issuance of bonds or notes or other borrowings, require Town Meeting approval. Upon request by the Mayor, during the last three months of the fiscal year, the Council may transfer any unencumbered appropriation, or portion thereof, from one department, commission, board, or office to another. No transfer may be made from any appropriation for debt service and other statutory charges.

- Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Encumbered appropriations in the general fund are not reappropriated in the ensuing year's budget, but are carried forward.

Generally, all unencumbered appropriations lapse at year end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2009	\$47,816,347	\$46,312,744	\$3,360,968
Encumbrances outstanding at June 30, 2008 liquidated during the year ended June 30, 2009		156,974	
Continued appropriations and encumbrances outstanding at June 30, 2009 charged to budgetary expenditures		(257,613)	257,613
State Teachers' Retirement on-behalf payment	2,681,000	2,681,000	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2009	<u>\$50,497,347</u>	<u>\$48,893,105</u>	<u>\$3,618,581</u>

C. Donor Restricted Endowments

The Town has received certain endowments for cemetery maintenance and various scholarship purposes. The amounts are reflected in net assets as restricted for endowments. Investment income, including appreciation of \$975 for the Endowment fund, is approved for expenditure by the individual Boards of the benefiting activities.

D. Capital Projects Authorizations

The following is a summary of projects recorded in the Bonded Projects Fund at June 30, 2009:

<u>PROJECT NAME</u>	<u>PROJECT AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2009</u>
Emergency Services	\$ 3,371,210	\$ 3,296,136	\$ 75,074
Fire Truck - Gales Ferry	425,000	102,762	322,238
High School Renovations	6,000,000	6,061,985	(61,985)
High School Renovations - New	1,230,000		1,230,000
Asbestos and Lead Removal	370,000	5,191	364,809
Vo Ag Science Project	4,856,380	4,850,592	5,788
Water to Ledyard Center	2,650,000	1,276,040	1,373,960
Avery Hill Water Main	850,000	809,529	40,471
Route 117 Water Main	5,950,000	4,302,172	1,647,828
Ledyard Village Water Main	550,000	568,144	(18,144)
Aljen Heights Water Main	185,000		185,000
Avery Hill Emergency Interconnect	300,000	261,093	38,907
Lakeside Sewer	1,075,000	1,041,418	33,582
TOTALS	<u>\$ 27,812,590</u>	<u>\$ 22,575,062</u>	<u>\$ 5,237,528</u>

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

E. Deficit Fund Balance

The following fund had a deficit fund balance at June 30, 2009:

Cafeteria Fund	\$ 46,590
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The deficit will be eliminated in subsequent years from future charges for services or transfers from the Board of Education budget.

III. DETAILED NOTES

A. Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$3,123,670 of the Town's bank balance of \$10,415,600 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 2,786,303
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>337,367</u>
Total amount subject to custodial credit risk.....	<u>\$ 3,123,670</u>

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) from \$100,000 to \$250,000 per depositor. This limit is anticipated to return to \$100,000 after December 31, 2013. Additionally, under the FDIC's Temporary Liquidity Guarantee Program, amounts held in non-interest bearing transaction accounts at participating institutions are fully guaranteed by the FDIC through June 30, 2010. This guarantee is anticipated to be reduced to the \$250,000 limit on July 1, 2010, and the \$100,000 limit on January 1, 2014.

At June 30, 2009, the Town's investments (including restricted investments) consisted of the following:

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)			
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEAR
Mutual Funds:					
Equity Mutual Funds	\$ 3,545,081	\$ 3,545,081	\$	\$	\$
Money Market Mutual Funds.....	255,973		255,973		
Bond Mutual Funds.....	3,131,188				3,131,188
Pooled Fixed Income.....	3,828,094		3,828,094		
Other Fixed Income.....	1,255,888				1,255,888
Common Stock.....	712,092	712,092			
TOTAL	<u>\$ 12,728,316</u>	<u>\$ 4,257,173</u>	<u>\$ 4,084,067</u>	<u>\$ -</u>	<u>\$ 4,387,076</u>

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would 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.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

<u>AVERAGE RATING</u>	<u>POOLED FIXED INCOME</u>	<u>MONEY MARKET MUTUAL FUNDS</u>	<u>BOND MUTUAL FUNDS</u>	<u>OTHER FIXED INCOME</u>
AAA.....	\$ 3,828,094	\$ 98,140	\$	\$
Unrated.....		157,833	3,131,188	1,255,888
TOTAL	\$ 3,828,094	\$ 255,973	\$ 3,131,188	\$ 1,255,888

Custodial credit risk - The Town has no formal policy regarding 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 of its investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

	<u>TOTAL</u>	<u>LESS INSURED AMOUNTS</u>	<u>AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK</u>
Other Fixed Income	\$ 1,255,888	\$ 500,000	\$ 755,889
Common Stock	712,092	500,000	212,092
TOTAL	\$ 1,967,981	\$ 1,000,000	\$ 967,981

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

B. Receivables

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

	<u>PROPERTY TAXES</u>		
	<u>TAXES</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>
Current Portion	\$ 345,883	\$ 71,559	\$ 417,442
Long-term Portion	\$ 157,586	\$ 38,059	\$ 195,645
Less Allowance for Uncollectibles	(76,000)	(35,000)	(111,000)
Net Long-term Portion.....	\$ 81,586	\$ 3,059	\$ 84,645
Total Receivable.....	\$ 427,469	\$ 74,618	\$ 502,087

	<u>USE CHARGE RECEIVABLES</u>		
	<u>WATER DEPARTMENT</u>	<u>SEWER DEPARTMENT</u>	<u>TOTAL</u>
Gross Receivable	\$ 64,086	\$ 46,741	\$ 110,827
Less Allowance for Uncollectibles	(2,000)	(2,000)	(4,000)
Net Receivable.....	\$ 62,086	\$ 44,741	\$ 106,827

Governmental funds report *deferred revenue* in connection with receivables for revenues 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:

Governmental Activities:

DEFERRED REVENUE:

Delinquent property taxes receivable (general fund) \$ 423,134

UNEARNED REVENUE:

Grant draw downs prior to meeting all eligibility requirements 200,633

TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS..... \$ 623,767

Business-Type Activities:

Deferred Assessments \$ 324,027

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

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

	BALANCE JULY 1, 2008	INCREASES	DECREASES	BALANCE JUNE 30, 2009
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land.....	\$ 5,913,572	\$	\$	\$ 5,913,572
Construction in progress.....	4,596,725	881,731		5,478,456
Total Capital Assets, not being Depreciated.....	10,510,297	881,731	-	11,392,028
<u>Capital Assets, being Depreciated:</u>				
Land improvements.....	1,612,847	67,299		1,680,146
Buildings and improvements.....	47,251,519	307,777	6,525	47,552,771
Furniture and equipment.....	2,539,374	170,639		2,710,013
Vehicles.....	5,243,281	225,250	96,226	5,372,305
Infrastructure.....	11,556,361	100,992		11,657,353
Total Capital Assets, being Depreciated.....	68,203,382	871,957	102,751	68,972,588
Total Capital Assets.....	78,713,679	1,753,688	102,751	80,364,616
<u>Less Accumulated Depreciation for:</u>				
Land improvements.....	393,885	47,694		441,579
Buildings and improvements.....	9,474,699	707,371	1,684	10,180,386
Furniture and equipment.....	1,018,785	137,977		1,156,762
Vehicles.....	1,976,723	278,245	50,126	2,204,842
Infrastructure.....	3,081,894	171,869		3,253,763
Total Accumulated Depreciation.....	15,945,986	1,343,156	51,810	17,237,332
Total Capital Assets, being Depreciated, net.....	52,257,396	(471,199)	50,941	51,735,256
Governmental Activities Capital Assets, net.....	\$ 62,767,693	\$ 410,532	\$ 50,941	\$ 63,127,284

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2008	INCREASES	DECREASES	BALANCE JUNE 30, 2009
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 984,286	\$	\$	\$ 984,286
<u>Capital Assets, being Depreciated:</u>				
Buildings and improvements	81,907			81,907
Distribution and collection system	21,461,432			21,461,432
Machinery and equipment	776,509			776,509
Vehicles	130,479			130,479
Total Capital Assets, being Depreciated	22,450,327	-	-	22,450,327
Total Capital Assets	23,434,613	-	-	23,434,613
<u>Less Accumulated Depreciation for:</u>				
Buildings and improvements	28,841	2,012		30,853
Distribution and collection system	3,780,558	367,990		4,148,548
Machinery and equipment	302,165	24,934		327,099
Vehicles	88,157	6,908		95,065
Total Accumulated Depreciation	4,199,721	401,844	-	4,601,565
Total Capital Assets, being Depreciated, net	18,250,606	(401,844)	-	17,848,762
Business-Type Activities Capital Assets, net	\$ 19,234,892	\$(401,844)	-	\$ 18,833,048

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

Governmental Activities:

General government	\$ 91,127
Public safety	260,498
Health and welfare	23,377
Public works	323,615
Libraries	19,672
Parks and recreation	48,416
Education	576,451
Total Depreciation Expense - Governmental Activities	\$ 1,343,156

Business-Type Activities:

Sewer Fund	\$ 157,505
Water Fund	244,339
Total Depreciation Expense - Business-Type Activities	\$ 401,844

Construction Commitments

The Town had active several construction projects during the year. The Town has completed many of the active projects and had no significant commitments with contractors at June 30, 2009.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2009 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
MAJOR FUNDS:			
GENERAL FUND:			
Capital projects fund.....	N/A	\$	\$ 246,176
Water fund	N/A	17,067	
Sewer fund	N/A	17,053	
Cafeteria.....	N/A	18,163	
Endowment fund	N/A		41
TOTAL GENERAL FUND.....		52,283	246,217
CAPITAL PROJECTS FUND:			
Capital projects fund.....	General Fund	246,176	
Capital projects fund.....	Water Fund		22,678
Capital projects fund.....	Sewer Fund		914
TOTAL CAPITAL PROJECTS FUND.....		246,176	23,592
WATER FUND:			
Water fund	General Fund		17,067
Water fund	Capital Projects Fund	22,678	
Water fund	Pension Trust Fund		17,890
TOTAL WATER FUND.....		22,678	34,957
SEWER FUND:			
Sewer fund	General Fund		17,053
Sewer fund	Capital Projects Fund	914	
Sewer fund	Pension Trust Fund		11,926
TOTAL SEWER FUND.....		914	28,979
NONMAJOR FUNDS:			
Cafeteria.....	General Fund		18,163
Endowment fund	General Fund	41	
TOTAL NONMAJOR FUNDS.....		41	18,163
FIDUCIARY FUNDS:			
Pension trust fund.....	Water Fund	17,890	
Pension trust fund.....	Sewer Fund	11,926	
TOTAL FIDUCIARY FUNDS.....		29,816	-
GRAND TOTAL.....		\$ 351,908	\$ 351,908

All interfund balances result from time lag between the dates payments occur between funds for short-term internal financing.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2009 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
MAJOR FUNDS			
GENERAL FUND:			
Capital projects fund.....	N/A	\$ 110,000	\$ 631,000
Water fund	N/A	315,056	790,577
Sewer fund	N/A		264,365
Animal control	N/A		78,100
Endowment	N/A	132	
TOTAL GENERAL FUND		425,188	1,764,042
CAPITAL PROJECTS FUND:			
Capital projects fund.....	General Fund	631,000	110,000
WATER FUND:			
Water fund	General Fund	790,577	315,056
SEWER FUND:			
Sewer fund	General Fund	264,365	
NONMAJOR FUNDS:			
Animal control	General Fund	78,100	
Endowment fund.....	General Fund		132
TOTAL NONMAJOR FUNDS		78,100	132
GRAND TOTAL		\$ 2,189,230	\$ 2,189,230

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

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.

Short-term obligation activity for the year ended June 30, 2009 was as follows:

TYPE OF OBLIGATION	BALANCE JULY 1, 2008	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2009
Schools	\$ 1,481,265	\$ 1,287,265	\$ 1,481,265	\$ 1,287,265
General Purpose	7,298,735	7,247,735	7,298,735	7,247,735
TOTAL	\$ 8,780,000	\$ 8,535,000	\$ 8,780,000	\$ 8,535,000

The bond anticipation notes carry an interest rate of 2.75% and mature in July 2009.

In July 2009, the Town issued \$9,520,000 of bond anticipation notes at 2.00% that mature in July 2010.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations

1. Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009	CURRENT PORTION
GENERAL PURPOSE:									
Improvement bonds....	\$ 400,000	10/01/93	10/01/13	3.60-5.00	\$ 120,000	\$	\$ 20,000	\$ 100,000	\$ 20,000
Improvement bonds....	2,825,000	10/15/05	10/15/23	3.0-4.25	2,480,000		160,000	2,320,000	160,000
Refunding bonds.....	2,267,000	10/15/05	10/15/23	3.5-4.25	2,250,000		10,000	2,240,000	10,000
Total General Purpose.....					4,850,000	-	190,000	4,660,000	190,000
SCHOOL:									
Improvement bonds....	2,130,000	10/01/93	10/01/13	3.6-5.0	590,000		110,000	480,000	110,000
Improvement bonds....	3,700,000	12/15/00	12/15/19	4.75-5.25	400,000		200,000	200,000	200,000
Improvement bonds....	2,650,000	10/15/05	10/15/23	3.0-4.25	2,350,000		150,000	2,200,000	150,000
TOTAL SCHOOL.....					3,340,000	-	460,000	2,880,000	460,000
TOTAL BONDS AND NOTES.....					8,190,000	-	650,000	7,540,000	650,000
PREMIUM.....					41,684		3,207	38,477	
DEFERRED CHARGE ON REFUNDING.....					(69,175)		(5,321)	(63,854)	
TOTAL BONDS & RELATED LIABILITIES.....					8,162,509	-	647,886	7,514,623	650,000
CAPITAL LEASE PAYABLE.....					24,580		22,631	1,949	1,949
LANDFILL POSTCLOSURE COSTS.....					257,250		12,250	245,000	12,250
SETTLEMENT.....					15,000		15,000	-	
COMPENSATED ABSENCES.....					1,361,874	812,041	766,917	1,406,998	281,400
NET OPEB OBLIGATION.....						346,000		346,000	
NET PENSION OBLIGATION.....					1,021,836		175,082	846,754	
TOTAL LONG-TERM OBLIGATIONS.....					\$ 10,843,049	\$ 812,041	\$ 1,639,766	\$ 10,015,324	\$ 945,599

All long-term liabilities are generally liquidated by the General Fund.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

ENTERPRISE FUNDS:

TYPE	ORIGINAL ISSUE AMOUNT	ISSUE DATE	MATURITY DATE	INTEREST RATE	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009	CURRENT PORTION
<u>WATER FUND:</u>									
BONDS AND NOTES:									
Gales Ferry Distribution System	\$ 3,755,000	08/01/98	08/01/08	4.5-4.9	\$ 225,000	\$	\$ 225,000	\$	\$
Gales Ferry Distribution System	4,195,000	09/15/99	09/19/09	Various	420,000		210,000	210,000	210,000
Refunding Bonds	4,268,000	10/15/05	10/15/23	3.0-4.25	4,230,000		25,000	4,205,000	250,000
Drinking Water Fund	926,007	09/30/06	09/30/26	2.05	859,258		39,230	820,028	40,042
Groton Note Payable	979,755	09/30/95	09/30/15	5.23	473,314		55,404	417,910	58,302
Groton Note Payable (addendum)	300,586	08/01/07	07/01/15	4.97	281,107		34,367	246,740	36,077
TOTAL BOND AND NOTES					6,488,679	-	589,001	5,899,678	594,421
Premium					78,160		6,012	72,148	
Deferred Charge on Refunding					(129,704)		(9,977)	(119,727)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES					6,437,135	-	585,036	5,852,099	594,421
NET PENSION OBLIGATION					14,340		2,182	12,158	
TOTAL LONG-TERM OBLIGATIONS					\$ 6,451,475	\$ -	\$ 587,218	\$ 5,864,257	\$ 594,421

SEWER FUND:

BONDS AND NOTES:

Clean Water Fund	2,911,665	01/01/99	01/01/18	2.00	\$ 1,395,173	\$	\$ 145,583	\$ 1,249,590	\$ 145,583
Lakeside Condo	965,000	10/15/05	10/15/23	3.0-4.25	845,000		60,000	785,000	60,000
TOTAL BOND AND NOTES					2,240,173	-	205,583	2,034,590	205,583
NET PENSION OBLIGATION					11,472		1,918	9,554	
TOTAL LONG-TERM OBLIGATIONS					\$ 2,251,645	\$ -	\$ 207,501	\$ 2,044,144	\$ 205,583

The sewer improvement bonds are supported by means of an assessment program. The clean water loans will be supported by sewer use charges. All obligations are backed by the full faith and credit of the Town.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and of debt maturities:

YEAR ENDING JUNE 30,	SCHOOL BUILDING GRANTS		DEBT MATURITIES															
			BONDS		WATER NOTES	WATER BONDS	SEWER BONDS	SEWER NOTE	TOTAL INTEREST									
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST														
2010	\$	54,568	\$	10,555	\$	650,000	\$	205,856	\$	134,421	\$	460,000	\$	60,000	\$	145,583	\$	224,655
2011		52,470		7,986		645,000		184,719		140,093		455,000		60,000		145,583		201,038
2012		52,470		5,441		640,000		168,194		146,031		450,000		60,000		145,583		178,692
2013		41,976		3,127		615,000		151,995		152,248		440,000		55,000		145,584		156,596
2014		41,976		1,049		615,000		133,869		158,758		440,000		50,000		145,583		132,241
2015						515,000		115,900		165,575		440,000		50,000		145,584		104,523
2016						515,000		102,150		65,832		440,000		50,000		145,583		75,429
2017						505,000		90,713		46,215		365,000		50,000		145,584		54,445
2018						500,000		78,900		47,171		360,000		50,000		84,923		39,619
2019						500,000		66,900		48,147		360,000		50,000				24,243
2020						485,000		54,918		49,144		205,000		50,000				11,693
2021						485,000		42,956		50,161				50,000				6,317
2022						290,000		30,813		51,199				50,000				5,279
2023						290,000		18,488		52,258				50,000				4,219
2024						290,000		6,412		53,340				50,000				3,138
2025										54,443								2,034
2026										55,570								907
2027										14,072								47
TOTALS	\$	243,460	\$	28,158	\$	7,540,000	\$	1,452,783	\$	1,484,678	\$	4,415,000	\$	785,000	\$	1,249,590	\$	1,222,115

2. Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

CATEGORY	NET		
	DEBT LIMIT	INDEBTEDNESS	BALANCE
General purpose	\$ 67,740,710	\$ 11,907,735	\$ 55,832,975
Schools	135,481,419	3,923,805	131,557,614
Sewers	112,901,183		112,901,183
Urban renewal	97,847,692		97,847,692
Pension deficit	90,320,946		90,320,946

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$210,748,874.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$243,460 for bond principal is reflected as deductions in the computation of net indebtedness.

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

3. Capital Leases

At June 30, 2009, the Town is committed under capital leases for equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and; therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Equipment totaling \$83,690 is recorded under capital leases as of June 30, 2009.

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments as of June 30, 2009:

YEAR ENDING <u>JUNE 30,</u>	
2010	\$ 1,959
Less: amount representing interest	(10)
Present value of minimum lease payments	<u>\$ 1,949</u>

4. Landfill Closure and Post-Closure Care Costs

The Town closed its landfill in 1999. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 20 years at \$12,250 per year are \$245,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

5. Authorized/Unissued Bonds

At June 30, 2009, the Town had authorized, unissued bonds as follows:

General Purposes	\$ 2,761,020
Schools	16,211,505
Water (Enterprise Fund)	10,485,000
Sewer (Enterprise Fund)	110,000
Refunding	<u>2,950,000</u>
TOTAL.....	<u>\$ 32,517,525</u>

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; public official liability; and police professional liability. The Town generally obtains commercial insurance for these risks. The Town has chosen to retain the risks for medical claims. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year. The administrators are responsible for the approval, processing and payment of dental claims, for which they receive an administrative fee. Administrative fees are paid directly from annual appropriations for the Town self-funded medical reserve.

The following is a summary of changes in the claims liabilities:

	CLAIMS PAYABLE <u>JULY 1</u>	CURRENT YEAR CLAIMS AND CHANGES IN <u>ESTIMATES</u>	CLAIMS PAID	CLAIMS PAYABLE <u>JUNE 30</u>
2007-2008	\$ 457,002	\$ 5,330,057	\$ 5,340,268	\$ 446,791
2008-2009	446,791	5,406,107	5,344,253	508,645

The claims liability reported in the internal service fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

B. Commitments and Litigation

Construction and other significant commitments have been reported as reserve for commitments in the fund equity section of the statement net assets and balance sheet.

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

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

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans

1. Plan Description

Summary

The Town of Ledyard is the administrator of a single-employer defined benefit Public Employee Retirement System (PERS) established by Town Ordinance and administered by the Town to provide pension benefits for its employees. Plan provisions are determined by the various union contracts. The PERS is considered to be part of the Town of Ledyard's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The PERS does not issue a stand alone report.

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The Town's pension trust fund financial statements are prepared on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits, administration and refunds) are recognized when they are due and payable in accordance with the terms of the plan.

b. Valuation of Investments

Investments are valued at fair value. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

As of July 1, 2007, the plans' membership consists of:

Retirees and beneficiaries currently receiving benefits.....	55
Terminated employees entitled to benefits but not yet receiving them	24
Active plan members	<u>149</u>
TOTALS	<u>228</u>

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

4. Benefit Provisions

Contributions

The Town's contributions are actuarially determined on an annual basis using the entry age normal cost method. The Town's contributions were 18% of covered payroll. Administration costs are financed from investment earnings.

5. Actuarial Assumptions

The information presented as historical trend information was determined as part of the actuarial valuation as of the date indicated in the tabulation. Additional information as of the latest valuation is as follows:

VALUATION DATE.....	JULY 1, 2007
ACTUARIAL COST METHOD	ENTRY AGE NORMAL COST METHOD
ASSET VALUATION METHOD.....	FAIR VALUE
ACTUARIAL ASSUMPTIONS:	
Investment Rate of Return	6.25%
PROJECTED SALARY INCREASES:	
Merit	2.00%
Inflation	2.00%
AMORTIZATION METHOD	CLOSED LEVEL DOLLAR 30 YEARS
REMAINING AMORTIZATION PERIOD.....	10 YEARS

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

6. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2007 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2007	\$10,237,948	\$15,846,058	\$(5,608,110)	64.6%	\$6,631,528	(84.6%)

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

7. Annual Pension Cost and Net Pension Obligation (NPO)

The changes in the net pension obligation as of June 30, 2009, were as follows:

Annual required contribution	\$ 1,133,968
Interest on net pension obligation	56,734
Adjustment to annual required contribution	(138,637)
Annual pension cost	1,052,065
Contribution made	<u>1,231,247</u>
Change in net pension obligation (asset)	(179,182)
Net pension obligation (asset) - July 1, 2008	<u>1,047,648</u>
Net pension obligation (asset) - June 30, 2009	<u>\$ 868,466</u>

8. Three Year Trend Information

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
<u>JUNE 30</u>			
2009	\$ 1,052,065	117.0%	\$ 868,466
2008	1,111,612	98.9%	1,047,648
2007	1,124,512	93.8%	1,036,036

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan

1. Plan Description

The Town administers one single-employer, post retirement healthcare plan for the Town and Board of Education, for the Town of Ledyard Other Post Employment Benefits (OPEB). The plan provides medical benefits to eligible retirees and their spouses.

2. Benefit Provisions

a. Benefit Provisions

The Town plan provides for medical benefits for all eligible Town and Board of Education retirees. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town and Board of Education's total plan contribution was \$385,000.

c. Employee Contributions

Employee contributions to the plan are dependent on the covered group.

3. Funded Status and Funding Progress

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

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>TOWN</u>						
JULY 1, 2008	\$ -	\$11,045,000	\$(11,045,000)	0.0%	\$ N/A	N/A

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

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

4. Actuarial Methods and Assumptions

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

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

VALUATION DATE	July 1, 2008
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percent
REMAINING AMORTIZATION PERIOD	30 years - decreasing
ASSET VALUATION METHOD	Fair Value

ACTUARIAL ASSUMPTIONS:

Investment rate of return	4.0%
Healthcare inflation rate	4.0%

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

The changes in the NOO were as follows:

	<u>TOWN</u>
Annual required contribution.....	\$ 731,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution.....	-
Annual OPEB cost.....	731,000
Contributions made	<u>385,000</u>
Change in net OPEB obligation.....	346,000
Net OPEB obligation - July 1, 2008	-
Net OPEB obligation - June 30, 2009.....	<u>\$ 346,000</u>

TOWN OF LEDYARD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

6. Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
TOWN			
2009	\$ 731,000	52.67%	\$ 346,000

E. On-Behalf Payments

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$2,681,000.

F. Restatement

Beginning net assets of the Governmental Activities have been restated as follows:

Net assets - June 30, 2008, as previously reported.....	\$ 54,557,535
Overstatement of receivables.....	<u>(159,639)</u>
Net assets - July 1, 2008, as restated	<u>\$ 54,397,896</u>

Beginning fund balances have been restated as follows:

Fund balance - June 30, 2008, as previously reported.....	\$ (3,828,764)
Overstatement of receivables.....	<u>(159,639)</u>
Fund balance - July 1, 2008, as restated	<u>\$ (3,988,403)</u>

Required Supplementary Information

TOWN OF LEDYARD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

LEDYARD RETIREMENT SYSTEM AND OTHER POST EMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS

TOWN PENSION PLAN

ACTUARIAL VALUATION DATE JULY 1	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(B-A)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2002	\$ 5,223,581	\$ 6,514,994	\$ (1,291,413)	80.2%	\$ 5,175,806	(25.0%)
2003	5,629,357	10,451,396	(4,822,039)	53.9%	5,652,918	(85.3%)
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	7,222,674	13,850,375	(6,627,701)	52.1%	6,059,405	(109.4%)
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	10,237,948	15,846,058	(5,608,110)	64.6%	6,631,528	(84.6%)

TOWN OTHER POST EMPLOYMENT BENEFIT PLAN

ACTUARIAL VALUATION DATE JULY 1	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(B-A)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2008	\$ -	\$ 11,045,000	\$ (11,045,000)	0.0%	N/A	N/A

TOWN OF LEDYARD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

LEDYARD RETIREMENT SYSTEM AND OTHER POST EMPLOYMENT BENEFIT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
<u>PENSION PLAN</u>			
2004	\$ 842,854	\$ 380,044	45.1%
2005	852,248	700,877	82.2%
2006	1,125,665	697,379	62.0%
2007	1,149,339	1,055,608	91.8%
2008	1,167,707	1,100,000	94.2%
2009	1,133,968	1,231,247	108.6%
<u>OTHER POST EMPLOYMENT BENEFIT PLAN</u>			
2009	\$ 731,000	\$ 385,000	52.7%

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 Ledyard
Ledyard, Connecticut

We have represented the Town of Ledyard, Connecticut as Bond Counsel in connection with the issuance by the Town of \$6,770,000 General Obligation Bonds, Issue of 2010, dated as of July 1, 2010.

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

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

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

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant

to Section 103 of the Code; (2) interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the Federal alternative minimum tax imposed on corporations; and (3) the Bonds are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the

cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

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

GENERAL.

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

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

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for 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 July 13, 2010 by the Town of Ledyard, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$6,770,000 General Obligation Bonds, Issue of 2010, dated as of July 1, 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 June 29, 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, 2009) as follows:

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

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

- (A) amounts of the gross and 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 and total overall net debt as of the close of the fiscal year,
- (F) total direct debt and total net debt of the Issuer per capita,
- (G) ratios of the total direct debt and total net debt of the Issuer to the net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the 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 Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town Hall, 741 Colonel Ledyard Highway, P.O. Box 38, Ledyard, Connecticut 06339.

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 LEDYARD

By _____
Fred B. Allyn, Jr.
Mayor

By _____
Marcia Hancock
Director of Finance

By _____
Nancy R. Gosselin
Treasurer

APPENDIX D - NOTICE OF SALE

NOTICE OF SALE
\$6,770,000
Town of Ledyard, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Ledyard, Connecticut at First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut, until **11:30 A.M. (Eastern Daylight Time) on TUESDAY,**

JUNE 29, 2010

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

\$6,770,000 General Obligation Bonds, Issue of 2010
Payable annually on July 1 as follows:

\$425,000 in 2011 through 2013
\$380,000 in 2014 through 2020
\$375,000 in 2021
\$370,000 in 2022 through 2025
\$340,000 in 2026 through 2027
\$300,000 in 2028

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

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

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

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

The record dates will be the fifteenth day of June and December (or the preceding business day if such fifteenth day is not a business day).

Option For No Book Entry. A bidder for the Bonds may request that the Bonds be issued in the form of a single fully registered physical certificate in the par amount of the Bonds for each maturity, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Bonds in this manner, and any subsequent registered owner of the Bonds, shall bear any and all costs including counsel fees of any re-registration or transfer of Bonds from time to time, including any costs to convert the Bonds to book-entry only form. Any bidder seeking to have the Bonds issued in the form of fully registered physical certificates, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Bonds in non-book entry form if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

Redemption. Bonds maturing after July 1, 2019 are subject to redemption prior to maturity, at the option of the Town, on or after July 1, 2019, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption prices, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

Period During Which Redeemed (Both Dates Inclusive)	Redemption Prices
July 1, 2019 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 sealed 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 Ledyard Bonds." All proposals should be addressed to Ms. Marcia Hancock, Director of Finance, Town of Ledyard, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033.

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

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

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

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

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

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

Official Statement. The Town of Ledyard has prepared a preliminary Official Statement for the Bond issue which is dated June 22, 2010. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 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, First Southwest Company, Glastonbury, 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 July 13, 2010 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Ms. Janette J. Marcoux, First Southwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033 (telephone: (860) 290-3003) or from Ms. Marcia Hancock, Director of Finance, Town of Ledyard, Town Hall, P.O. Box 38, 741 Colonel Ledyard Highway, Ledyard, Connecticut 06339 (telephone: (860) 464-3235).

FRED B. ALLYN, JR.,
Mayor

MARCIA HANCOCK,
Director of Finance

NANCY R. GOSSELIN,
Treasurer

June 22, 2010

PROPOSAL FOR BONDS

June 29, 2010

Ms. Marcia Hancock
 Director of Finance
 Town of Ledyard
 c/o First Southwest Company
 628 Hebron Avenue, Suite 306
 Glastonbury, Connecticut 06033

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated June 22, 2010 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$6,770,000 General Obligation Bonds, Issue of 2010, of the Town of Ledyard described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2011	\$425,000	_____%	2020	\$380,000	_____%
2012	\$425,000	_____%	2021	\$375,000	_____%
2013	\$425,000	_____%	2022	\$370,000	_____%
2014	\$380,000	_____%	2023	\$370,000	_____%
2015	\$380,000	_____%	2024	\$370,000	_____%
2016	\$380,000	_____%	2025	\$370,000	_____%
2017	\$380,000	_____%	2026	\$340,000	_____%
2018	\$380,000	_____%	2027	\$340,000	_____%
2019	\$380,000	_____%	2028	\$300,000	_____%

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 July 1, 2010
 to July 13, 2010 \$ _____

Premium \$ _____

☐ We request that the Bonds not be issued in book-entry form, but be registered in the name of the bidder or its agent, as provided in the Notice of Sale.