RESPONSES TO QUESTIONS
July 15, 2011
ADDENDUM #1

Q 1. Is a copy of the most recent actuarial report available?

A 1. Attached are specific excerpts.

Q 2. May we have a copy of the Summary Plan Description, if not part of actuarial report?

A 2. Individual SPDs have been developed for each plan (9) which are too numerous to attach.

Q 3. What is the current OPEB liability?

A 3. As of 6.30.2010 the net OPEB obligation is **$638,909**.

Q 4. Should the customary question regarding litigation or investigation by regulatory authorities have been included in the RFQ?

A 4. Yes. The appropriate language is included herein and must be part of a firm's response.

Identify and describe any litigation or investigation by a regulatory authority that your organization or officers have been involved in over the last three years that relate to master trust/custody or security lending services.

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	CLAIMS PAYABLE JULY 1	CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIMS PAID	CLAIMS PAYABLE JUNE 30
2009-2010	$ 508,645	$ 4,563,967	$ 4,700,513	$ 372,099
2008-2009	446,791	5,406,107	5,344,253	508,645

B. Commitments and Litigation

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.

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 determine 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.

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

2. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

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, 2009, the plans' membership consists of:

Retirees and beneficiaries currently receiving benefits	56
Terminated employees entitled to benefits but not yet receiving them	24
Active plan members	155
TOTALS	235

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, 2009
ACTUARIAL COST METHOD	ENTRY AGE NORMAL ACTUARIAL COST METHOD
ASSET VALUATION METHOD	5 YEAR SMOOTHING
ACTUARIAL ASSUMPTIONS:	
Net Investment Rate of Return	6.25%
PROJECTED SALARY INCREASES:	
Merit	2.00%
Inflation	2.00%
AMORTIZATION METHOD	LEVEL PERCENT OF PAY
REMAINING AMORTIZATION PERIOD	18 YEARS

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	(B-A) (OVER)/ UNDER FUNDED UAAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(B-A)/C] UAAL AS A PERCENTAGE OF COVERED PAYROLL
July 1, 2009	$11,385,895	$18,361,798	$(6,975,903)	62.0%	$7,308,132	(95.5%)

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, 2010, were as follows:

Annual required contribution	$ 960,792
Interest on net pension obligation	54,279
Adjustment to annual required contribution	(59,292)
Annual pension cost	955,779
Contribution made	1,000,000
Change in net pension obligation (asset)	(44,221)
Net pension obligation (asset) - July 1, 2009	868,466
Net pension obligation (asset) - June 30, 2010	$ 824,245

8. Three Year Trend Information

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
JUNE 30			
2010	$ 955,779	104.6%	$ 824,245
2009	1,055,068	111.9%	868,466
2008	1,111,612	98.9%	1,047,648