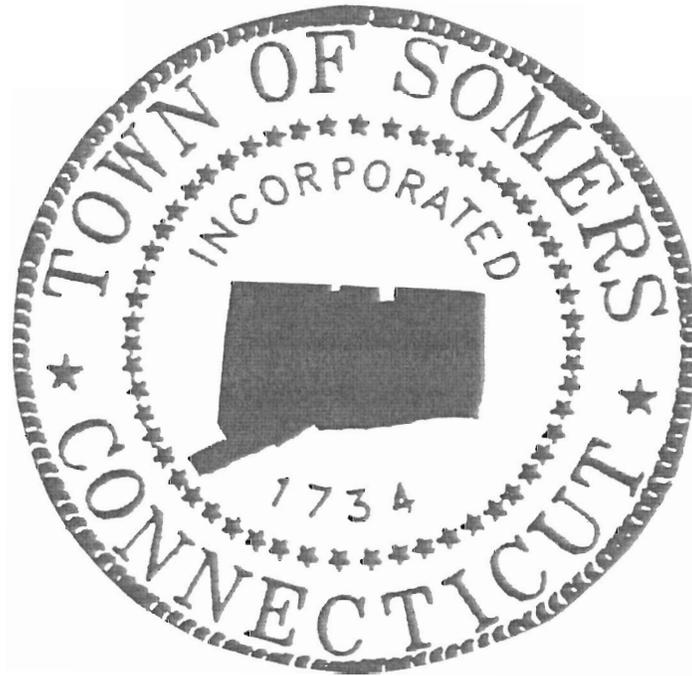


**TOWN OF SOMERS,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2012**

TOWN OF SOMERS, CONNECTICUT



Comprehensive Annual Financial Report

For The Year Ended
June 30, 2012

Prepared by:

Kimberly Doherty-Marcotte,
Chief Financial Officer

**TOWN OF SOMERS, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

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INTRODUCTORY SECTION

TOWN OF SOMERS

600 MAIN STREET
P.O. BOX 308
SOMERS, CONNECTICUT 06071

December 31, 2012

To the Members of the Board of Selectmen,
Board of Finance, and the Citizens of the
Town of Somers, Connecticut

Connecticut General Statutes require that all municipal governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. In accordance with that requirement, we hereby issue this comprehensive annual financial report of the Town of Somers, Connecticut (the "Town") for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal control has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's basic financial statements have been audited by Grant Thornton LLP, a firm of licensed certified public accountants. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of the Town was part of broader, federal and State of Connecticut mandated "single audits" designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the Town's internal control and compliance with certain provisions of laws, regulations, contracts and grants, with special emphasis on internal control and compliance with laws, regulations, contracts and grants applicable to federal and state major programs. The State and Federal Single Audit reports are available in the Town's separately issued State and Federal Single Audit reporting packages.

US GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Somers, incorporated in 1734, is a suburb consisting of 28.7 square miles and is located approximately 24 miles from Hartford, Connecticut to the southwest, 10 miles from Springfield, Massachusetts to the northwest, 7 miles from interstate 91 to the west and is in the north central part of the State with a June 30, 2012 population of 11,617. Bradley International airport is 18 miles from the Town.

The Town operates under a Selectmen-Town Meeting form of government. The First Selectmen is the Chief Executive and is elected to a two year term. The Board of Finance is a six member board who are elected to staggered six year terms. The First Selectman is responsible for carrying out the day-to-day operations of the Town. Appointing the heads of the various departments, boards and commissions is vested with the Board of Selectmen.

The Town provides a large but not complete range of services to its citizens. Police protection is provided by resident state troopers supplemented by Town constables. Fire and ambulance protection is provided by the Town's staff of five full time and five part-time employees during the day and by a volunteer force in the evenings and on weekends/holidays. The Town has a library, several parks, athletic fields and tennis courts, a recreation program, a public works department and transfer station, cultural events sponsored by the cultural commission, a senior center, senior/disabled transportation and health services.

The annual budget and a long range plan (including capital needs, debt service and operating expenditures) serve as the basis for the Town's financial planning and control. The Board of Selectmen and Board of Education, respectively, perform a detailed analysis of their department requests; rate each request and provides a report with recommendations, per the adopted CIP policy, to the Board of Finance as to capital needs of the Town and Board of Education. Each department is required to submit an operating budget request through the Board of Selectmen and Board of Education to the Board of Finance. Revenue estimates are generated by the Finance Office from documentation provided by the State of Connecticut and various departments. The Board of Finance reviews each budget with the Board of Selectmen, Board of Education and other elected officials and makes adjustments as determined necessary. The Board of Finance holds a public hearing to review the proposed budget, answer questions and make any necessary adjustments. Subsequently, a Town Meeting is held by the Board of Selectmen to answer any final public questions and move the proposed budget to referendum.

During the course of the year, budget transfer requests or additional appropriation requests may be approved by the Board of Finance. Budget to actual comparisons are provided as supplementary information for the General Fund, which is the only fund with an appropriated annual budget.

Local Economy

The Town is primarily a suburban residential community that derives substantially all of its income from property taxes and federal and state grants, with the balance from miscellaneous fees, permits and other sources. The Town has a moderate economic climate. The Connecticut Department of Labor lists the June 2012 unemployment rate at 8.3% (not seasonally adjusted) which is slightly lower than the state unemployment rate of 8.4%. Industry within the Town includes specialty manufacturing, small machine shops and a wholesale nursery. This light industry provides stable employment, however, the primary employment of Town residents is provided from the industry in neighboring communities in the area between Hartford, Connecticut and Springfield, Massachusetts. The Town is fortunate to have State of Connecticut owned facilities that provide a stable revenue base in the form of revenues paid in lieu of taxes. The Town realized a 2% increase in building permits compared to the prior fiscal year.

Long-term Financial Planning

The Town, including the Board of Education, under the direction of the Board of Finance, prepares a long range plan which encompasses all aspects of revenue and expenditure planning, including operating expenditures, capital equipment planning, capital project (construction) planning and debt service. Historical data and projections on the property tax grand list, grants and other fees, permits and miscellaneous income are monitored in detail by computerized analysis reports. Capital equipment and construction projects are reviewed and analyzed by their respective project committee and Board which renders recommendations to the Board of Finance. The age, condition, efficiency and dependability, health and safety are all considerations in prioritizing capital requests for funding. Debt is structured to level debt service expenditures within a dollar range to avoid an expenditure impact which would cause a significant tax rise in any individual year. Significant or one time operating expenditures are identified and entered into the plan and the balance is the presumed affordable "day-to-day" operating expenditures. Any increase in these presumed operating expenditures requires a reduction in some other expenditure category.

Relevant Financial Policies

The Town's cash management policy emphasizes foremost the security of the principal being invested, second liquidity and third to obtain the highest yield on the investment. The cash invested is idle cash, which is transferred daily into investment accounts. This idle cash is invested in the State Treasurer's Short-Term Investment Fund and the Cooperative Liquid Assets Security Systems Fund, which are investment pools that high yields and daily liquidity.

Risk Management

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance coverage is purchased from the commercial insurance market with the exception of workers compensation and heart and hypertension. To provide worker's compensation coverage, the Town participates in a worker's compensation management program.

Throughout the summer and fall of 2011 the weather continued to prove challenging. Hurricane Irene hit the region on August 27, 2011. FEMA disaster number DR-4023-CT approved the public assistance reimbursement of 75% of the costs incurred by the Town as a result of damage caused by the hurricane. The Town suffered damages throughout the community from high winds, heavy rains and falling trees. Storm Alfred arrived on October 29, 2011 and delivered devastating damage with heavy wet snow and ice blanketing the area. Uprooted and downed trees, broken limbs and falling debris left the roads closed to general traffic. As a result of 138 wires down, 108 damaged utility poles, 20 damaged transformers and 8 downed transformers, Somers experienced a Town wide loss of power. An emergency shelter was established at the Somers High School which operated until November 6, 2011. Power restoration was slow with some areas of Town not regaining power for 14 days. Somers demonstrated the true sense of community with a tremendous volunteer effort and cooperation that enabled the Town to quickly recover from the disaster. The resulting debris removal operations from the Town's 90 miles of road took several months to complete. The authorization of FEMA disaster number DR-4046-CT enabled the Town to obtain a reimbursement of \$961,357.52 for its storm related expenses.

Two historic buildings were claimed by fire during the 2012 fiscal year. On January 1, 2012 the 170 year old Somers Congregational United Church of Christ was destroyed. The church is rebuilding with an expected completion in the fall of 2013. On June 2, 2012 fire claimed the old Somersville Mill. The Mill's owners have not yet announced their plans for the site. Both events were expertly handled by the Somers Fire Department with mutual aid provided by several fire departments from the surrounding communities.

Major Initiatives

With funding obtained from the State's Small Town Economic Assistance Program ("STEAP") the Town neared the completion of the Somersville Streetscape Improvement Project. This project focused on the Main Street and School Street sections of Somersville and includes improvements to the intersection of School and Maple Streets, sidewalks, parking, lighting and tree planting.

The Town completed the sidewalk installation and associated landscaping along Battle Street north from Main Street to the Center Cemetery. This project was funded by a STEAP grant awarded to the Town by the State of Connecticut. In addition to the sidewalk, the renovation and expansion of the Senior Center parking lot was included in this grant. The Town also made sidewalk improvements along Main Street.

The State of Connecticut awarded Somers an EECBG grant which enabled the Town to install a photovoltaic system at the Somers Elementary School and Town Public Works garage. The Elementary School roof has a solar photovoltaic installation that will generate 175,000 watts/hr. and will save an estimated \$195,830 over 10 years. The Public Works garage has a solar photovoltaic installation that will generate 60,000 watts/hr. and will save an estimated \$85,000 over 10 years. The lifespan on both systems is over 20 years.

The Town furthered its commitment to energy efficiency and savings by retrofitting the lighting at the Town Hall, Police, Fire and Public Works buildings.

The Town and State of Connecticut continued to work on the improvement to the intersection of Route 190, Ninth District and Sokol Roads. This project will improve the traffic on Route 190 as well as the traffic flow to the school and public library campus located off of Ninth District Road.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in financial reporting to the Town of Somers for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the fourteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Board of Finance and First Selectman deserve to be acknowledged for their valuable contributions and support in the preparation of this comprehensive annual financial report. Special appreciation goes to our auditors Grant Thornton LLP for their expertise, professionalism and assistance in preparing this report in a complete and timely manner.

Sincerely,



Kimberly Doherty-Marcotte
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Somers
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

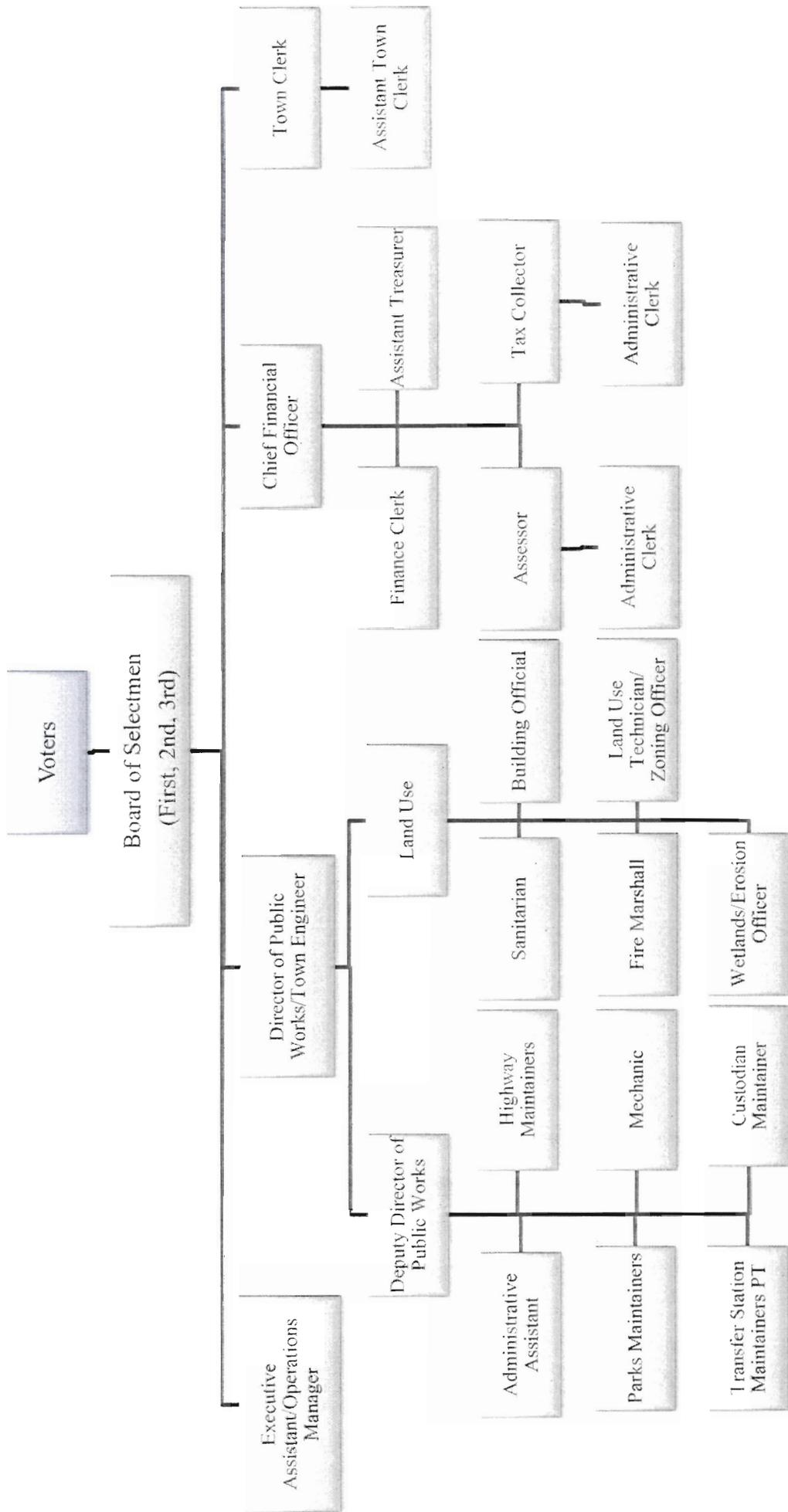


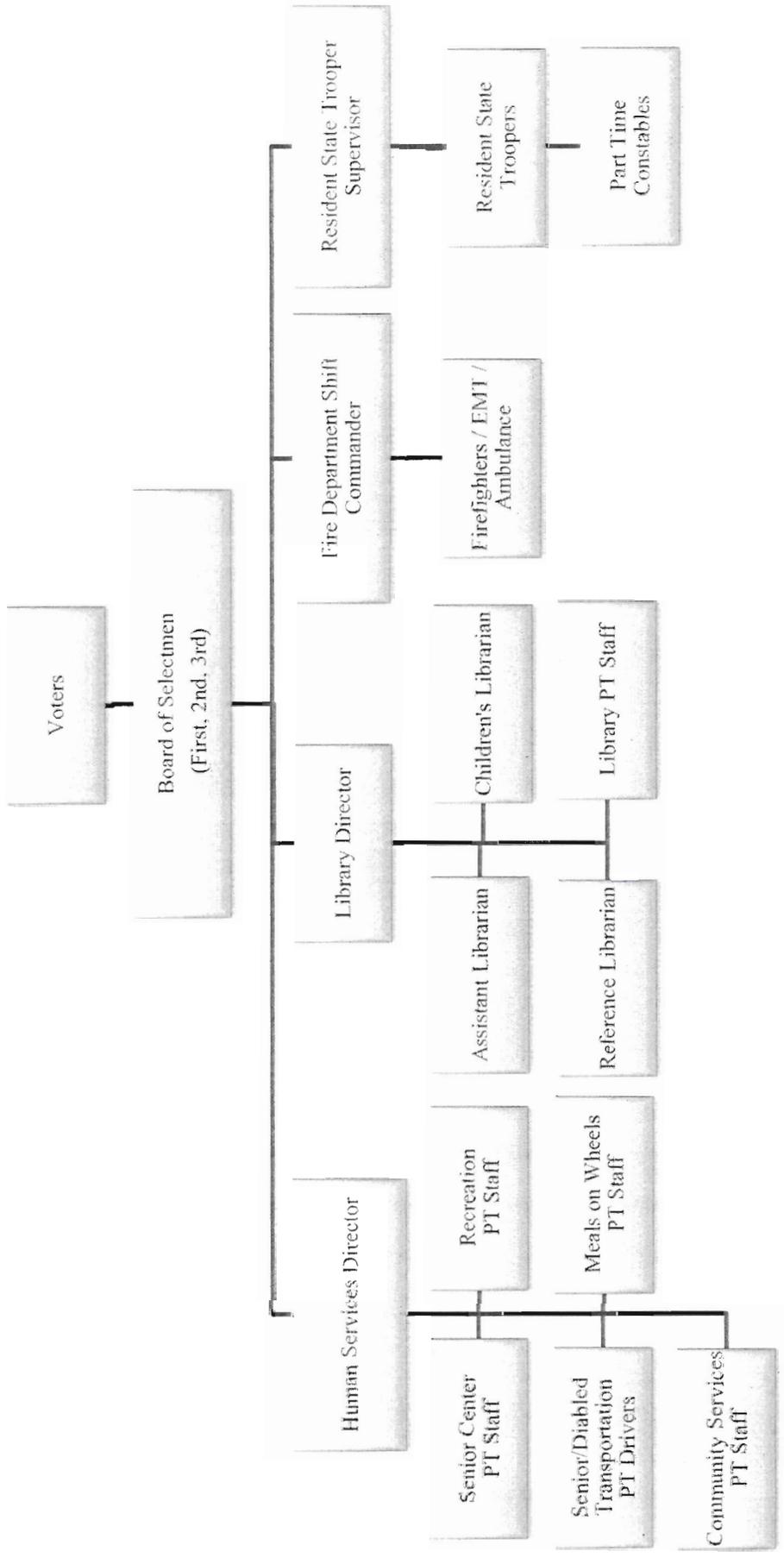
Christopher P. Morinell

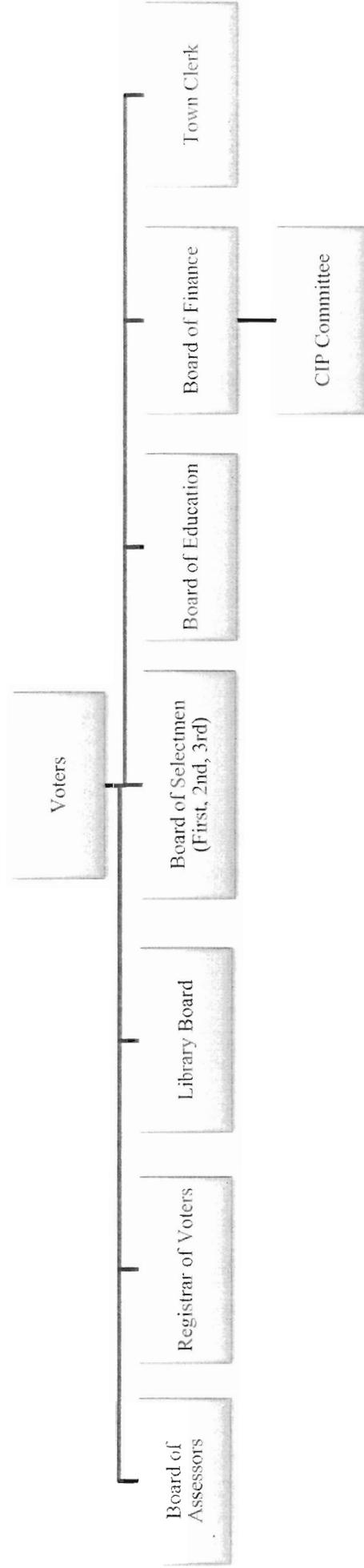
President

Jeffrey R. Emmer

Executive Director







**TOWN OF SOMERS, CONNECTICUT
PRINCIPAL TOWN OFFICIALS
JUNE 30, 2012**

TOWN MEETING - BOARD OF SELECTMEN FORM OF GOVERNMENT

BOARD OF SELECTMEN

Lisa Pellegrini, First Selectman
Kathleen A. Devlin, Selectman
Bud Knorr, Selectman

Assessor..... Pat Juda
Building Official..... John Collins
Chief Financial Officer..... Kimberly Doherty-Marcotte
Chief of Police..... Lisa Pellegrini
Collector of Taxes..... Donna Doyker
Fire Chief..... Gary Schiessl
Human Services Director..... Amy Saada
Library Director..... Francine Aloisa
Public Works Director/Town Engineer..... Jeff Bord
Superintendent of Schools..... Dr. Maynard Suffredini
Town Attorney..... Carl Landolina
Town Clerk..... Ann M. Logan
Town Sanitarian..... Steven Jacobs

BOARD OF EDUCATION

David Palmer, Chairperson
Joan S. Formeister, Vice Chairperson
Rick Lees, Jr., Secretary
Sarah Moynihan Bollinger
Bruce Devlin
Anne Kirkpatrick
Marc Ciccarella
Mark Maniscalco
Bradley Pellissier

BOARD OF FINANCE

James W. Persano, Chairperson
Stephen P. Krasinski, Vice Chairperson
Thomas G. Mazzoli, Secretary
Michael D. Parker
Marilyn W Pronovost
Joseph Tolisano

FINANCIAL SECTION

Independent Auditors' Report



Audit • Tax • Advisory

Grant Thornton LLP
124 Hebron Avenue, Suite 200
Glastonbury, CT 06033

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Finance of the
Town of Somers, Connecticut

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the aggregate remaining fund information of the Town of Somers, Connecticut (the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the aggregate remaining fund information of the Town of Somers, Connecticut as of June 30, 2012, and the respective changes in financial position 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 December 31, 2012 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the schedules of employer contributions on page 54 and the schedules of funding progress on page 55 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Grant Thornton LLP

Glastonbury, Connecticut
December 31, 2012

Management's Discussion and Analysis

TOWN OF SOMERS, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The management of the Town of Somers, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this Comprehensive Annual Financial Report ("Report").

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$44,636,389 (net assets). Of this amount, \$4,406,532 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$699,097.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,881,517, an increase of \$674,175 over the prior year. Approximately 90% of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.
- At the end of the current fiscal year, fund balance for the General Fund was \$5,114,749, an increase of \$617,389 over the prior year.
- The Town's total long-term bonded debt decreased by \$1,620,000 during the current fiscal year due to scheduled repayments of the debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

TOWN OF SOMERS, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include: general government, public safety, public works, sanitation, health and social services, library, culture and recreation, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 the Town's near-term financing requirements.

Because the focus of governmental funds financial statements 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 funds balance sheet and the governmental funds 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 a number of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be the Town's only major fund. Data from the other remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of combining statements.

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

TOWN OF SOMERS, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental funds financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and statistical tables.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

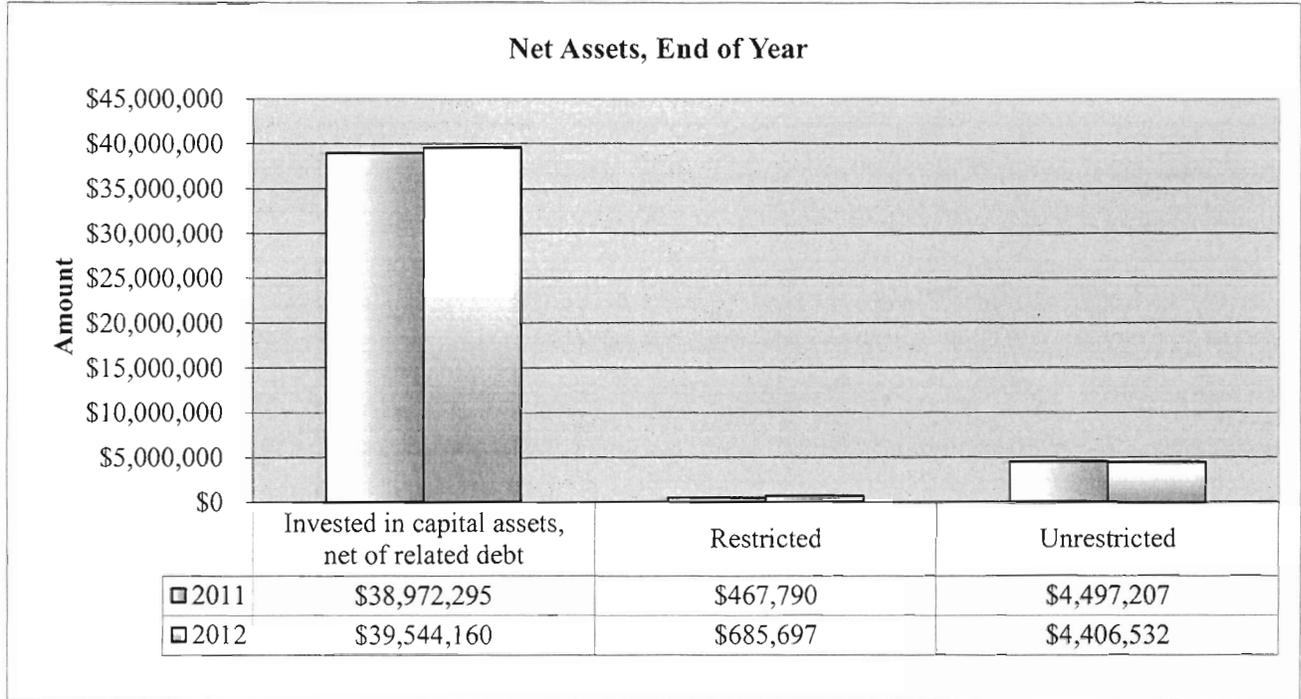
Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$44,636,389 and \$43,937,292 as of June 30, 2012 and 2011, respectively and are summarized as follows:

	2012	2011
Current and other assets	\$ 11,405,592	\$ 10,108,449
Capital assets, net	53,595,022	54,267,401
Total assets	65,000,614	64,375,850
Current and other liabilities	2,874,894	1,861,099
Long-term liabilities	17,489,331	18,577,459
Total liabilities	20,364,225	20,438,558
Net assets:		
Invested in capital assets, net of related debt	39,544,160	38,972,295
Restricted	685,697	467,790
Unrestricted	4,406,532	4,497,207
Total net assets	\$ 44,636,389	\$ 43,937,292

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



88.6% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is 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.

1.5% of the Town's net assets are subject to external restrictions on how they may be used and are therefore, presented as restricted net assets.

The remainder of the Town's net assets are considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net assets increased by \$699,097.

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

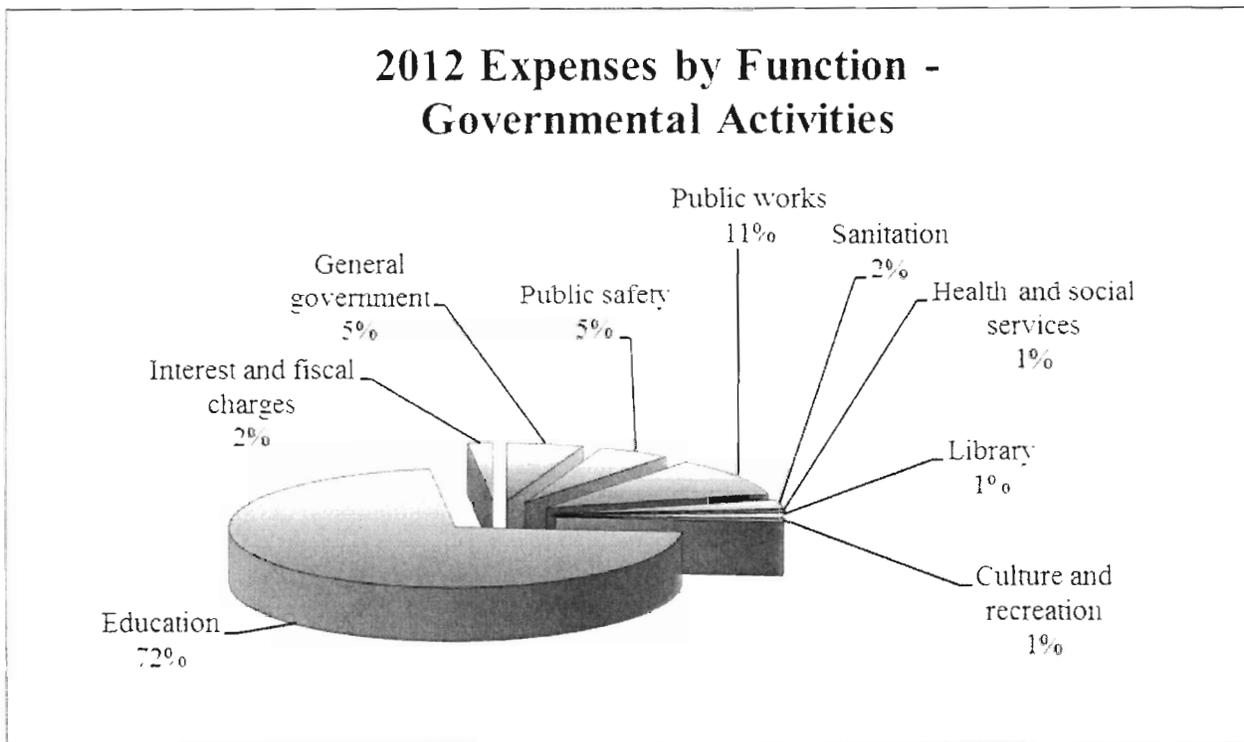
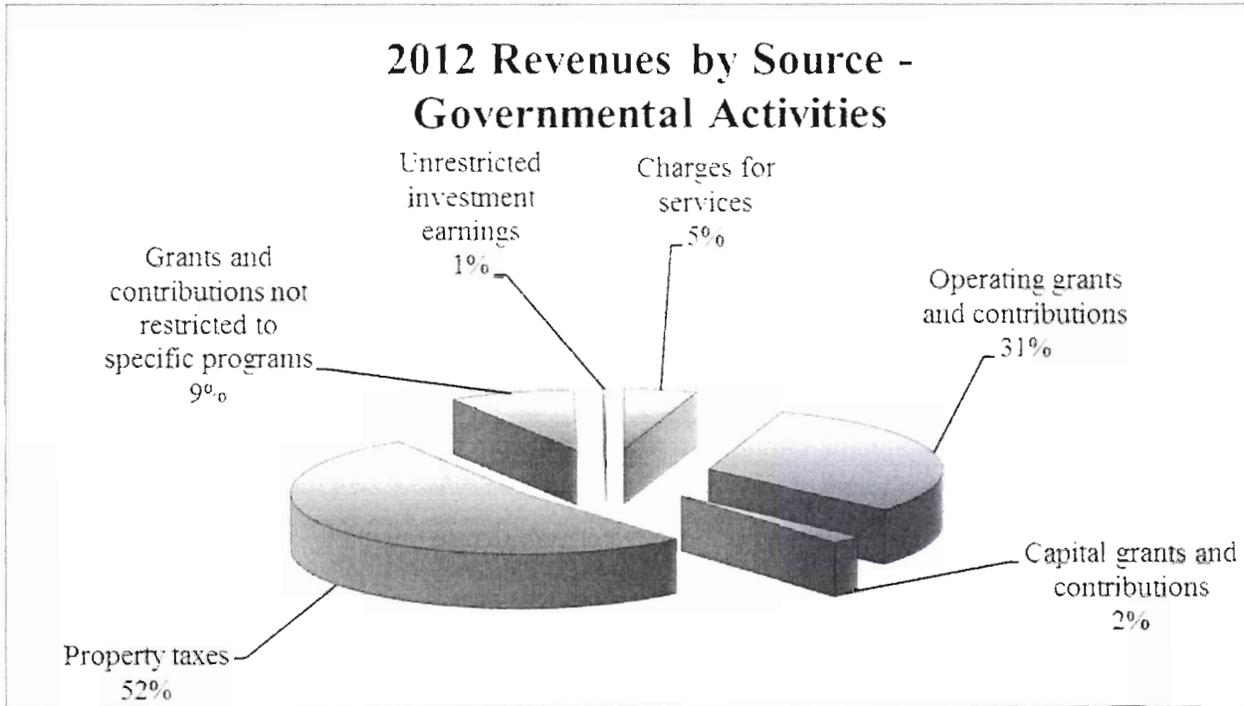
Changes in net assets for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 1,736,103	\$ 1,753,153
Operating grants and contributions	10,797,450	9,458,832
Capital grants and contributions	736,754	794,874
General revenues:		
Property taxes	18,015,130	17,172,881
Grants and contributions not restricted to specific programs	2,990,206	2,799,849
Unrestricted investment earnings	85,117	205,679
Total revenues	34,360,760	32,185,268
Program expenses		
General government	1,847,141	2,671,986
Public safety	1,737,616	1,710,710
Public works	3,593,895	1,647,722
Sanitation	815,396	829,323
Health and social services	159,253	175,649
Library	485,491	497,825
Culture and recreation	234,757	173,635
Education	24,187,619	23,864,113
Interest and fiscal charges	600,495	679,951
Total expenses	33,661,663	32,250,914
Change in net assets before special items	699,097	(65,646)
Special item - loss on transfer of capital assets	-	(2,215,750)
Change in net assets	699,097	(2,281,396)
Net assets, beginning	43,937,292	46,218,688
Net assets, ending	\$ 44,636,389	\$ 43,937,292

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)



**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)

Governmental activities increased the Town's net assets by \$699,097.

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, unrestricted fund balance (committed, assigned, and unassigned) may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,881,517, an increase of \$674,175 over the prior year. Approximately 90% of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$5,114,749. Of this amount, \$3,806,587 represents unassigned fund balance that may be appropriated for future spending.

The fund balance of the Town's General Fund increased by \$617,389 during the current fiscal year.

TOWN OF SOMERS, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for 2012 planned for the utilization of fund balance of \$1,244,788 to cover the excess of budgeted expenses over budgeted revenues. However, the actual net increase in fund balance of the General Fund on a budgetary basis was \$395,424, resulting in a positive variance of \$1,640,212.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities (net of accumulated depreciation) as of June 30, 2012 and 2011 totaled \$53,595,022 and \$54,267,401, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure, including park facilities, roads, and bridges. The net decrease in the Town's investment in capital assets for the current fiscal year was \$672,379.

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

- the purchase of a dump truck, excavator and loader for the benefit of the Town's Public Works department,
- improvements made to the Senior Center parking lot,
- engineering costs incurred in connection with the redesign of the intersection of Route 190 and 9th District Road, and
- the purchase and installation of solar panels on a Town's educational facility.

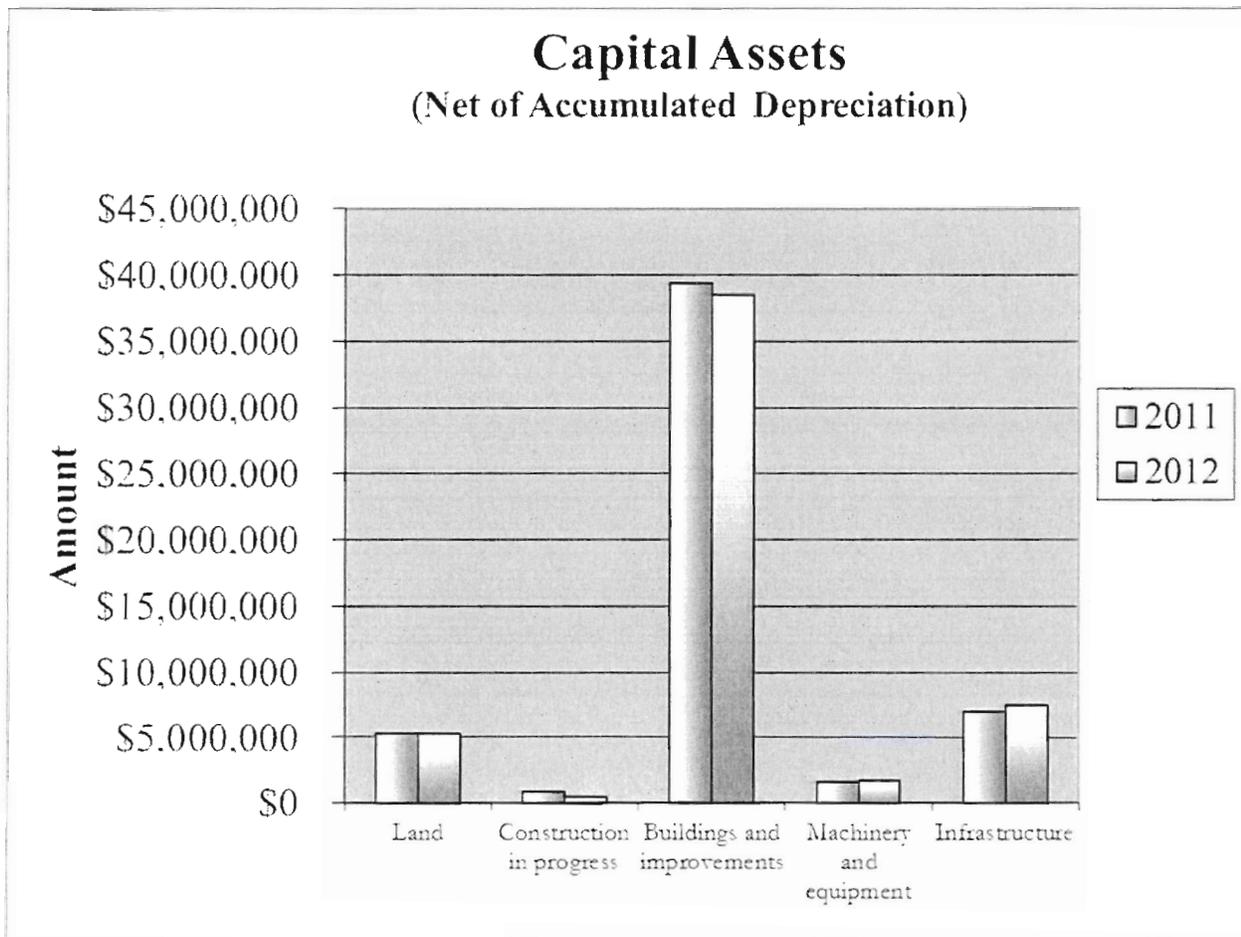
**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two year comparison of the investment in capital assets, net:

	2012	2011
Land	\$ 5,336,758	\$ 5,336,758
Construction in progress	474,014	805,712
Buildings and improvements	38,535,560	39,395,493
Machinery and equipment	1,759,091	1,664,038
Infrastructure	7,489,599	7,065,400
Totals	<u>\$ 53,595,022</u>	<u>\$ 54,267,401</u>



Additional information on the Town's capital assets can be found in Note 4 to the basic financial statements.

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

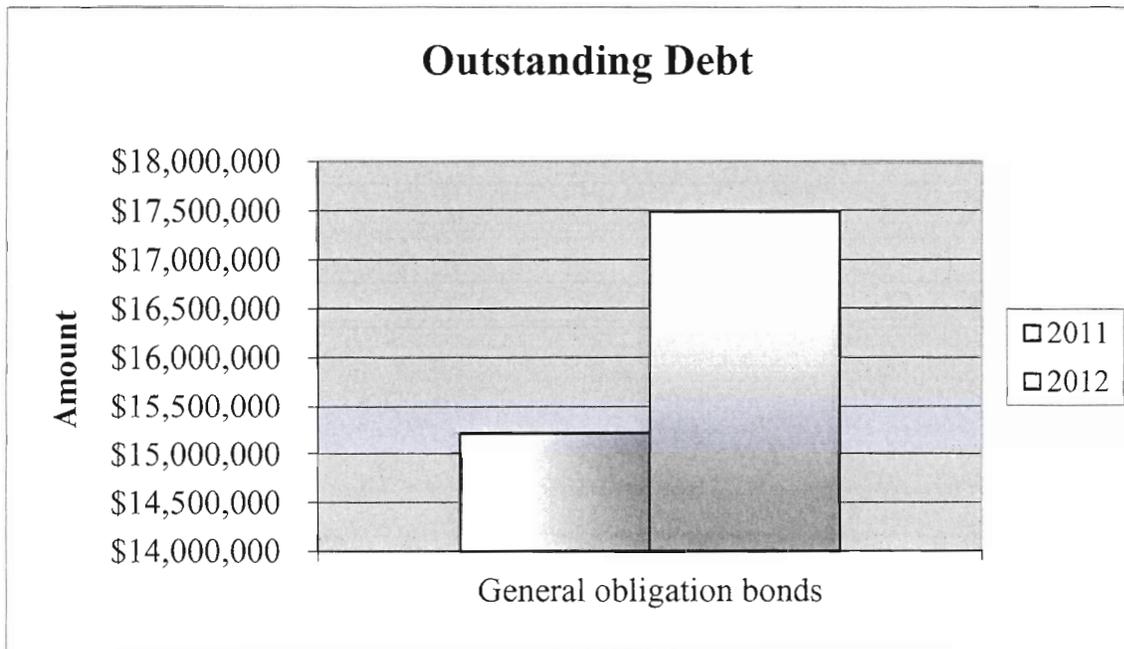
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$13,595,000. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total bonded debt decreased by \$1,620,000 during the current year due to scheduled repayments of the debt. The Town's seven year capital construction/equipment plan and operating expense financial plan are established to control the level of capital expenditures, debt service expenditures and operating expenditures in order to maintain a level amount of debt service expenditures and to avoid any sharp increase in property tax rates. Debt levels are managed to ensure that debt service requirements of new debt reasonably coincide with the normal amortization of existing debt service expenditures.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current capacity of borrowing for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term bonded debt:

	2012	2011
General obligation bonds	\$ 13,595,000	\$ 15,215,000
Totals	\$ 13,595,000	\$ 15,215,000



Additional information on the Town's long-term debt can be found in Note 8 to the basic financial statements.

TOWN OF SOMERS, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- Inflationary trends in the region approximate the national indices.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2013, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State of Connecticut.

The Town utilizes a five year financial plan that projects peaks and valleys of fund balance levels for each year and also determines the amount of expenditures that are affordable for the upcoming year's budget. The Town, in essence, backs into the expenditure increase percentage that is affordable for the upcoming budget using an analysis that allows the Town to review revenues, operating expenditures, debt service expenditures and capital outlays for five years into the future. For peak years of expenditures, the Town determines that revenues plus available surplus are adequate to meet these obligations without the need for spikes in the tax rates.

All of these factors were considered in preparing the Town's budget for fiscal year 2013.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Town of Somers, 600 Main Street, Somers, Connecticut 06071.

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**Basic
Financial
Statements**

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,871,733
Investments	1,063,649
Receivables:	
Property taxes receivable, net of allowance for doubtful accounts of \$89,000	275,374
Interest and lien fees receivable, net of allowance for doubtful accounts of \$96,000	110,000
Assessments and user charges receivable	103,558
Grants and contracts receivable	1,713,355
Other receivables	76,709
Prepaid items and other assets	28,398
Grant and contracts receivable, long-term portion	162,816
Capital assets:	
Non-depreciable	5,810,772
Depreciable, net	47,784,250
Total assets	<u>65,000,614</u>
LIABILITIES	
Accounts payable	1,831,070
Accrued liabilities:	
Salaries and benefits payable	151,215
Accrued interest	196,376
Other accrued liabilities	74,506
Unearned revenue	621,727
Noncurrent liabilities:	
Due within one year	1,887,558
Due in more than one year	15,601,773
Total liabilities	<u>20,364,225</u>
NET ASSETS	
Invested in capital assets, net of related debt	39,544,160
Restricted for:	
Debt Service	194,587
Library:	
Expendable	416,110
Nonexpendable	75,000
Unrestricted	4,406,532
Total net assets	<u>\$ 44,636,389</u>

The accompanying notes are an integral part of these financial statements .

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,847,141	\$ 469,503	\$ 16,703	\$ -	\$ (1,360,935)
Public safety	1,737,616	292,985	17,187	-	(1,427,444)
Public works	3,593,895	-	1,243,226	686,754	(1,663,915)
Sanitation	815,396	311,334	34,567	-	(469,495)
Health and social services	159,253	74,751	2,890	-	(81,612)
Library	485,491	20,743	6,340	50,000	(408,408)
Culture and recreation	234,757	128,171	3,500	-	(103,086)
Education	24,187,619	438,616	9,473,037	-	(14,275,966)
Interest and fiscal charges	600,495	-	-	-	(600,495)
Total governmental activities	\$ 33,661,663	\$ 1,736,103	\$ 10,797,450	\$ 736,754	(20,391,356)

General revenues:

Property taxes, levied for general purposes	18,015,130
Grants and contributions not restricted to specific programs	2,990,206
Unrestricted investment earnings	85,117
Total general revenues	21,090,453
Change in net assets	699,097
Net assets - beginning	43,937,292
Net assets - ending	\$ 44,636,389

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOMERS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,060,242	\$ 1,811,491	\$ 7,871,733
Investments	-	1,063,649	1,063,649
Receivables:			
Property taxes receivable, net of allowance for doubtful accounts of \$89,000	275,374	-	275,374
Interest and lien fees receivable, net of allowance for doubtful accounts of \$96,000	110,000	-	110,000
Assessments and user charges receivable	-	103,558	103,558
Grants and contracts receivable	1,198,223	333,757	1,531,980
Other receivables	16,460	60,249	76,709
Due from other funds	579,263	447,464	1,026,727
Prepaid items and other assets	8,288	-	8,288
Advances to other funds	85,186	-	85,186
Total assets	<u>\$ 8,333,036</u>	<u>\$ 3,820,168</u>	<u>\$ 12,153,204</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,778,677	\$ 52,393	\$ 1,831,070
Accrued liabilities:			
Salaries and benefits payable	151,215	-	151,215
Other accrued liabilities	-	74,506	74,506
Due to other funds	447,464	579,263	1,026,727
Unearned/Deferred revenue	840,931	262,052	1,102,983
Advances from other fund	-	85,186	85,186
Total liabilities	<u>3,218,287</u>	<u>1,053,400</u>	<u>4,271,687</u>
Fund Balances:			
Nonspendable	93,474	75,000	168,474
Restricted	194,587	416,110	610,697
Committed	840,737	2,418,024	3,258,761
Assigned	179,364	-	179,364
Unassigned	3,806,587	(142,366)	3,664,221
Total fund balances	<u>5,114,749</u>	<u>2,766,768</u>	<u>7,881,517</u>
Total liabilities and fund balances	<u>\$ 8,333,036</u>	<u>\$ 3,820,168</u>	<u>\$ 12,153,204</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SOMERS, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances for governmental funds \$ 7,881,517

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:

Land	\$	5,336,758	
Construction in progress		474,014	
Infrastructure		14,957,233	
Buildings and improvements		60,539,525	
Machinery and equipment		6,708,686	
Less: accumulated depreciation and amortization		<u>(34,421,194)</u>	
Total capital assets, net			53,595,022

School construction grants receivable from the State of Connecticut are not susceptible to accrual and, therefore, are not reported in the governmental funds. 344,191

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets.

Bond issuance costs	\$	58,000	
Less: accumulated amortization		<u>(37,890)</u>	
Total bond issuance costs, net			20,110

Some of the Town's taxes and assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the governmental funds. 481,256

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Those liabilities consist of:

Long-term debt:			
Bonds payable	\$	(13,595,000)	
Deferred charge on refundings		98,024	
Obligations under capital lease		(573,996)	
Accrued interest payable		(196,376)	
Other long-term liabilities:			
Compensated absences		(1,340,767)	
Landfill postclosure care costs		(182,000)	
Net pension obligation		(23,579)	
Net OPEB obligation		<u>(1,872,013)</u>	
Total long-term liabilities			<u>(17,685,707)</u>

Net assets of governmental activities \$ 44,636,389

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 18,065,407	\$ -	\$ 18,065,407
Assessments and user charges	-	113,945	113,945
Intergovernmental	13,133,908	1,642,086	14,775,994
Charges for services	817,508	825,920	1,643,428
Investment income	12,753	72,364	85,117
Miscellaneous	-	81,710	81,710
Total revenues	32,029,576	2,736,025	34,765,601
EXPENDITURES			
Current:			
General government	1,777,569	-	1,777,569
Public safety	1,384,487	83,940	1,468,427
Public works	2,743,288	132,893	2,876,181
Sanitation	603,160	61,856	665,016
Health and social services	63,269	86,094	149,363
Library	420,125	38,756	458,881
Culture and recreation	201,854	15,083	216,937
Education	21,936,853	1,217,566	23,154,419
Debt service:			
Principal payments	1,620,000	127,369	1,747,369
Interest and fiscal charges	581,382	10,180	591,562
Capital outlays	-	1,461,154	1,461,154
Total expenditures	31,331,987	3,234,891	34,566,878
Excess (deficiency) of revenues over expenditures	697,589	(498,866)	198,723
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	475,452	475,452
Transfers in	335,799	448,404	784,203
Transfers out	(415,999)	(368,204)	(784,203)
Total other financing sources (uses)	(80,200)	555,652	475,452
Net change in fund balances	617,389	56,786	674,175
Fund balances - beginning	4,497,360	2,709,982	7,207,342
Fund balances - ending	\$ 5,114,749	\$ 2,766,768	\$ 7,881,517

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOMERS, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Net change in fund balances for governmental funds \$ 674,175

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which depreciation and amortization exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 1,132,210	
Depreciation and amortization expense	(1,804,589)	
Net adjustment		(672,379)

Repayment of principal on long-term debt consumes the current financial resources of governmental funds. However, such repayments do not have any effect on net assets. The net effect of these repayments in the treatment of long-term debt is as follows:

Debt issued or incurred:		
Capital lease financing	(475,452)	
Principal repayments:		
Bonds payable	1,620,000	
Obligations under capital lease	127,369	
Net adjustment		1,271,917

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. (79,100)

**TOWN OF SOMERS, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Intergovernmental revenue and other adjustments on school construction grants are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, adjustments and cash received on school construction grants reduce the grant receivable recognized in the government-wide statement of net assets. \$ (325,741)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds recognize 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 net effect of such items is as follows:

Compensated absences	\$	115,396	
Accrued interest		18,740	
Amortization of deferred charge on refundings		(22,947)	
Amortization of bond issuance costs		(4,726)	
Landfill postclosure care costs		14,000	
Net pension obligation		(1,439)	
Net OPEB obligation		(288,799)	
		(169,775)	
Change in net assets of governmental activities	\$	699,097	

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 17,914,109	\$ 17,914,109	\$ 18,065,407	\$ 151,298
Intergovernmental	9,372,775	9,372,775	10,494,273	1,121,498
Charges for services	727,750	755,230	827,342	72,112
Investment earnings	50,000	50,000	12,753	(37,247)
Total revenues	<u>28,064,634</u>	<u>28,092,114</u>	<u>29,399,775</u>	<u>1,307,661</u>
EXPENDITURES				
Current:				
General government	1,977,470	1,941,638	1,881,882	(59,756)
Public safety	1,295,431	1,397,204	1,384,487	(12,717)
Public works	1,685,810	2,755,992	2,748,789	(7,203)
Sanitation	632,027	628,445	622,659	(5,786)
Health and social services	78,546	71,725	63,269	(8,456)
Library	425,292	425,873	420,125	(5,748)
Culture and recreation	218,246	218,126	201,854	(16,272)
Education	19,334,317	19,348,666	19,327,217	(21,449)
Miscellaneous	46,000	45,051	45,051	-
Debt service:				
Principal payments	1,620,000	1,620,000	1,620,000	-
Interest and fiscal charges	581,383	581,383	581,382	(1)
Total expenditures	<u>27,894,522</u>	<u>29,034,103</u>	<u>28,896,715</u>	<u>(137,388)</u>
Excess (deficiency) of revenues over expenditures	170,112	(941,989)	503,060	1,445,049
OTHER FINANCING SOURCES (USES)				
Transfers in	125,000	185,000	403,363	218,363
Transfers out	(360,000)	(487,799)	(510,999)	(23,200)
Designation of fund balance	64,888	1,244,788	-	(1,244,788)
Total other financing sources (uses)	<u>(170,112)</u>	<u>941,989</u>	<u>(107,636)</u>	<u>(1,049,625)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	395,424	<u>\$ 395,424</u>
Fund balance - beginning			<u>4,436,460</u>	
Fund balance - ending			<u>\$ 4,831,884</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF SOMERS, CONNECTICUT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 484,768	\$ 303,324
Investments:		
U.S. Government and Agency securities	7,944	-
Corporate bonds	931,487	-
Mutual funds	1,103,314	-
Equity securities	2,228,181	-
Contributions receivable	193,405	-
Total assets	<u>4,949,099</u>	<u>\$ 303,324</u>
LIABILITIES		
Due to others	<u>-</u>	<u>\$ 303,324</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 4,949,099</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 377,868
Plan members	126,674
Total contributions	<u>504,542</u>
Investment earnings:	
Interest and dividends	66,860
Net depreciation in the fair value of investments, net of investment fees	<u>(13,787)</u>
Total investment earnings, net	<u>53,073</u>
Total additions	<u>557,615</u>
DEDUCTIONS	
Benefit payments	334,660
Administrative expenses	32,230
Total deductions	<u>366,890</u>
Change in net assets	190,725
Net assets - beginning	<u>4,758,374</u>
Net assets - ending	<u>\$ 4,949,099</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Somers, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

FINANCIAL REPORTING ENTITY

The Town of Somers, Connecticut is governed by an elected Board of Selectmen, a Board of Finance and through Town meetings. The Town provides services as authorized by its charter including public safety, public works, sanitation, health and social services, library, culture and recreation, education and general administrative services.

The legislative power of the Town is with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include, the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that there are no agencies or entities, which should be presented within the Town's financial statements based on these criteria.

Related Organization

The Town is responsible for appointing members to the Board of Directors of the Housing Authority of the Town of Somers (the "Authority"), but the Town's accountability for the Authority does not extend beyond making the appointments. The Town made no appropriations for the operation of this agency for the fiscal year ended June 30, 2012.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental fund:

General Fund - This 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.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Board of Education Employees' Plan, Town Employees' Plan and the Volunteer Firefighters' Incentive Plan.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the following: student activities funds and the bond deposit fund. The student activities funds account for monies generated by student activities in the Town's school system. The bond deposit fund accounts for monies received to ensure that driveways and lawns are installed to correct specifications for new home construction.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING *(Continued)*

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

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

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office, and the Cooperative Liquid Asset Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. STIF and CLASS operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF and CLASS qualify as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortized cost method. STIF and CLASS are subject to regulatory oversight even though they are not registered by the SEC.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Property Taxes and Assessments

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. The Town establishes an allowance for doubtful accounts based on historical collection experience and other factors.

Upon completion of projects, water assessments are levied and assessed to users each February over a twenty year period. Assessments are due and payable within thirty days and delinquent assessments are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Upon completion of projects, sewer assessments are levied and assessed to users each October. Usage charges are billed monthly. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for infrastructure assets and more than \$2,000 for all other assets. 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Infrastructure	12 - 60
Machinery and equipment	5 - 20

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Unearned/Deferred Revenue

In the government-wide financial statements, unearned revenue represents resources that have been received but not yet earned. In the fund financial statements, deferred revenue represents resources that have been received but not yet earned and also represents revenues considered measurable but not available during the current period.

Compensated Absences

Employees are granted vacation and sick leave based upon length of employment. For Town employees, unused vacation and sick days can be accumulated from year to year up to certain limits. For Board of Education employees, only unused vacation days can be accumulated from year to year up to certain limits. However, teachers hired on or before June 30, 1994 who retire under the State retirement system and who receive pension payments, will be paid out an amount equivalent to 2 ½ days compensation at the time of retirement or death for each full-time equivalent year of contracted service to the Town.

All compensated absences are accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements in the current year to the extent they have matured, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs in the year the debt is issued. 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.

Fund Equity

The government-wide statement of net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Fund Equity (Continued)

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures regulated by the Town Charter, which is consistent with the Town's budgeting procedures as described in Note 2.

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. The Board of Finance has delegated the responsibility to assign funds to the Town's Chief Financial Officer, with the exception of those amounts assigned by the Board of Finance during the Town's annual budgeting process as described in Note 2.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of net assets or fund balance. In accordance with the applicable accounting guidance, when both restricted and unrestricted resources are available for use, it is assumed that the Town will use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

INTERFUND ACTIVITIES

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

INTERFUND ACTIVITIES (*Continued*)

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

USE OF ESTIMATES

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

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

BUDGETARY INFORMATION

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data for the General Fund.

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a public budget hearing, at which taxpayer comments are obtained. The Board of Finance then prepares the recommended Town budget, which it presents at the annual Town meeting. The operating budget includes proposed expenditures and the means of financing them.
- Expenditures are budgeted by function, department and object. Management may not exceed appropriations at the object level and must seek approval from the Board of Finance to reassign resources within a department, except for the Board of Education. The Board of Education may reassign resources within its department without seeking Board of Finance approval. The legal level of budget control is the department level for the Board of Education and the object level for all other departments. A separately issued budgetary report demonstrating legal compliance with the adopted budget is available from the Town. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects. Additional appropriations of less than \$20,000 must be approved by the Board of Finance. Appropriations in excess of \$20,000 must be approved at a Town meeting. During the year, the Board of Finance and, where required, Town meetings, approved additional appropriations from fund balance of \$1,179,900.
- Formal budgetary integration is employed as a management control device during the year.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY (Continued)

BUDGETARY INFORMATION (Continued)

- The budget is prepared on the modified accrual basis of accounting. Intergovernmental revenues and other reimbursement for certain special education costs are recorded as reductions to expenditures for budgetary purposes and “on behalf” payments made by the State of Connecticut into the State Teacher’s Retirement System are not recorded for budgetary purposes. In addition, activity of the Revaluation Fund is excluded for budgetary purposes due to perspective differences. 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 of the current year.

- All unexpended and unencumbered appropriations lapse at year-end, except those for Capital Projects Funds.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2012:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing (Uses) Sources, net</u>	<u>Change in Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 29,399,775	\$ 28,896,715	\$ (107,636)	\$ 395,424	\$ 4,831,884
"On-behalf" payments - State Teachers Retirement Fund	2,032,523	2,032,523	-	-	-
Reimbursement for certain special education and other costs recorded as a reduction to expenditures for budgetary purposes	607,113	607,113	-	-	-
Transfer out for budgetary purposes recorded as an advance to other fund for GAAP purposes	-	-	(17,400)	(17,400)	43,500
Transfer in/out for budgetary purposes recorded as revenue or expenditures for budgetary purposes	(9,835)	(25,000)	(15,165)	-	-
Revaluation fund	-	-	60,001	60,001	60,001
Encumbrances outstanding June 30, 2012	-	(179,364)	-	179,364	179,364
GAAP basis	<u>\$ 32,029,576</u>	<u>\$ 31,331,987</u>	<u>\$ (80,200)</u>	<u>\$ 617,389</u>	<u>\$ 5,114,749</u>

DEFICIT FUND EQUITY

The Water Fund, Historic Preservation Fund and School Construction Fund, all of which are nonmajor funds, have deficit fund balances as of June 30, 2012 of \$763, \$7,691 and \$133,912, respectively. The deficits do not constitute a violation of statutory provisions. The Town plans to fund the deficits through future fees, transfers from the General Fund and/or from future grant reimbursements.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut General Statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2012, the carrying amount of the Town's cash deposits was \$4,557,951. As of June 30, 2012, \$1,304,241 of the Town's bank balance of \$4,743,593 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,173,817
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	130,424
	\$ 1,304,241

All of the Town's deposits were in qualified public institutions as defined by Connecticut General Statutes. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the Town's cash and cash equivalents as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 7,871,733
Less: cash equivalents considered investments for disclosure purposes	3,829,042
	4,042,691
Statement of fiduciary net assets:	
Cash and cash equivalents	788,092
Less: cash equivalents considered investments for disclosure purposes	272,832
	515,260
	\$ 4,557,951

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2012, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
Cooperative Liquid Assets Security Systems Fund (CLASS)	\$ 657,202	\$ 657,202	\$ -	\$ -	\$ -
Corporate bonds	931,487	-	180,605	454,379	296,503
Money market mutual funds	362,470	362,470	-	-	-
Short Term Investment Fund (STIF)	3,082,202	3,082,202	-	-	-
U.S. Government and Agency securities	33,486	-	25,542	7,944	-
	<u>5,066,847</u>	<u>\$ 4,101,874</u>	<u>\$ 206,147</u>	<u>\$ 462,323</u>	<u>\$ 296,503</u>
Other investments:					
Equity securities	2,497,959				
Mutual funds	1,871,643				
	<u>4,369,602</u>				
Total	<u>\$ 9,436,449</u>				

Investment maturities of the Town's investments in STIF, CLASS and money market mutual funds were based on the weighted average maturities of those investments.

A reconciliation of the Town's investments as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Investments	\$ 1,063,649
Add: cash equivalents considered investments for disclosure purposes	<u>3,829,042</u>
	<u>4,892,691</u>
Statement of fiduciary net assets:	
Investments	4,270,926
Add: cash equivalents considered investments for disclosure purposes	<u>272,832</u>
	<u>4,543,758</u>
	<u>\$ 9,436,449</u>

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

The Town's investments in debt securities were rated as follows at June 30, 2012:

Debt Securities	Fair Value	AAA	A	BBB	Unrated
Cooperative Liquid Asset Security System (CLASS)	\$ 657,202	\$ 657,202	\$ -	\$ -	\$ -
Corporate bonds	931,487	-	435,613	495,874	-
Money market mutual funds	362,470	-	-	-	362,470
Short Term Investment Fund (STIF)	3,082,202	3,082,202	-	-	-
U.S. Agency securities	7,944	7,944	-	-	-
	<u>\$ 5,041,305</u>	<u>\$ 3,747,348</u>	<u>\$ 435,613</u>	<u>\$ 495,874</u>	<u>\$ 362,470</u>

The Town's investments in obligations of the U.S. Government do not require disclosure of credit quality since the obligations are guaranteed by the U.S. Government.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments were not exposed to custodial credit risk as of June 30, 2012. The Town does not have a policy for custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5% of the Town's investments are in STIF, CLASS and certain mutual funds. These investments are not subject to concentration of credit risk disclosure as they are considered to be diversified investments by their nature.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 5,336,758	\$ -	\$ -	\$ -	\$ 5,336,758
Construction in progress	805,712	194,582	-	(526,280)	474,014
Total capital assets, not being depreciated	<u>6,142,470</u>	<u>194,582</u>	<u>-</u>	<u>(526,280)</u>	<u>5,810,772</u>
Capital assets, being depreciated:					
Buildings and improvements	60,186,742	352,783	-	-	60,539,525
Machinery and equipment	6,302,391	406,295	-	-	6,708,686
Infrastructure	14,252,403	178,550	-	526,280	14,957,233
Total capital assets, being depreciated	<u>80,741,536</u>	<u>937,628</u>	<u>-</u>	<u>526,280</u>	<u>82,205,444</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	(20,791,249)	(1,212,716)	-	-	(22,003,965)
Machinery and equipment	(4,638,353)	(311,242)	-	-	(4,949,595)
Infrastructure	(7,187,003)	(280,631)	-	-	(7,467,634)
Total accumulated depreciation and amortization	<u>(32,616,605)</u>	<u>(1,804,589)</u>	<u>-</u>	<u>-</u>	<u>(34,421,194)</u>
Total capital assets, being depreciated, net	<u>48,124,931</u>	<u>(866,961)</u>	<u>-</u>	<u>526,280</u>	<u>47,784,250</u>
Governmental activities capital assets, net	<u>\$ 54,267,401</u>	<u>\$ (672,379)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,595,022</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 84,300
Public safety	267,750
Public works	388,770
Sanitation	164,380
Health and social services	9,890
Library	26,610
Culture and recreation	17,820
Education	845,069
Total depreciation and amortization expense - governmental activities	<u>\$ 1,804,589</u>

NOTE 5 - UNEARNED/DEFERRED REVENUE

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 352,800	\$ -
Advance collection of property taxes	-	464,877
Delinquent assessments and user charges receivable	128,456	-
Grants drawdown prior to meeting eligibility requirements	-	156,850
Total deferred/unearned revenue for governmental funds	<u>\$ 481,256</u>	<u>\$ 621,727</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 664,449
Other Governmental Funds	General Fund	<u>447,464</u>
Total interfund receivables/payables		<u><u>\$ 1,111,913</u></u>

Except for the balances due to the General Fund from the Water Fund and Sewer Maintenance Fund as discussed below, the above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

The General Fund advanced funds to the Water Fund to fund water project bond principal and interest payments prior to assessment collections being received by the Water Fund. Currently, the Water Fund transfers amounts to the General Fund to reimburse the General Fund for debt service paid on general obligation bonds issued for the water project. The General Fund also advanced funds to the Sewer Maintenance Fund to fund sewer project costs prior to assessment collections being received by the Sewer Maintenance Fund. The Town intends to liquidate the amounts due to the General Fund through future water and sewer assessment collections and user fees. However, it is anticipated that \$41,686 and \$43,500 due to the General Fund from the Water Fund and Sewer Maintenance Fund, respectively, will not be repaid within one year, and therefore, the balances due have been presented as advances to/from other funds in the accompanying governmental funds balance sheet.

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	<u>\$ 335,799</u>
Other Governmental Funds	General Fund	415,999
Other Governmental Funds	Other Governmental Funds	<u>32,405</u>
		<u><u>\$ 448,404</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 15,215,000	\$ -	\$ (1,620,000)	\$ 13,595,000	\$ 1,365,000
Unamortized amounts:					
Deferred charge on refundings	(120,971)	-	22,947	(98,024)	-
	<u>15,094,029</u>	<u>-</u>	<u>(1,597,053)</u>	<u>13,496,976</u>	<u>1,365,000</u>
Other liabilities:					
Capital leases	225,913	475,452	(127,369)	573,996	110,558
Compensated absences	1,456,163	1,503	(116,899)	1,340,767	398,000
Landfill post-closure care liability	196,000	-	(14,000)	182,000	14,000
Net pension obligation (see Note 10)	22,140	1,439	-	23,579	-
Net OPEB obligation (see Note 11)	1,583,214	288,799	-	1,872,013	-
	<u>\$ 18,577,459</u>	<u>\$ 767,193</u>	<u>\$ (1,855,321)</u>	<u>\$ 17,489,331</u>	<u>\$ 1,887,558</u>

Funds from the Water Fund are transferred to the General Fund to repay water project bonds. The remaining liabilities above have typically been liquidated in the general and other governmental funds.

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of principal and interest reimbursement for the year ended June 30, 2012 was \$325,741 and \$16,033, respectively. Additional reimbursements of principal and interest in the amounts of \$344,191 and \$10,892, respectively, are expected to be received through the applicable bonds' maturity dates.

DEBT REFUNDING

Prior Year Debt Defeasances

In prior years, the Town issued general obligation refunding bonds. The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net assets.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2012 is as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities			
School bonds issued 1993, original amount \$5,000,000	11/2013	4.10% - 5.60%	\$ 495,000
General obligation refunding bonds issued 2002, original amount \$6,375,000	8/2013	3.00% - 5.00%	150,000
General obligation bonds issued 2004, original amount \$5,100,000	11/2024	3.25% - 4.25%	3,645,000
General obligation refunding bonds issued 2005, original amount \$5,700,000	7/2020	3.77%	3,645,000
General obligation bonds issued 2007, original amount \$7,100,000	8/2027	4.00% - 5.00%	5,660,000
			<u>\$ 13,595,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2012:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,365,000	\$ 520,026	\$ 1,885,026
2014	1,375,000	463,086	1,838,086
2015	1,065,000	414,589	1,479,589
2016	1,060,000	372,801	1,432,801
2017	1,050,000	329,215	1,379,215
2018-2022	4,780,000	1,043,589	5,823,589
2023-2027	2,565,000	301,424	2,866,424
2028	335,000	7,119	342,119
	<u>\$ 13,595,000</u>	<u>\$ 3,451,849</u>	<u>\$ 17,046,849</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets under capital lease as of June 30, 2012 is as follows:

	Governmental Activities
Machinery and equipment	\$ 1,781,599
Less: accumulated amortization	1,248,261
	\$ 533,338

Amortization expense relative to leased property under capital leases as of June 30, 2012 totaled \$225,674 for the year ended June 30, 2012 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

	Governmental Activities
Year ending June 30:	
2013	\$ 121,558
2014	89,940
2015	89,940
2016	53,594
2017	19,296
Thereafter	284,679
Total minimum lease payments	659,007
Less: amount representing interest	85,011
Present value of minimum lease payments	\$ 573,996

LANDFILL POST-CLOSURE CARE LIABILITY

The Town landfill has been closed. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 13 years are estimated to be \$182,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 9 - FUND BALANCE

The Town has committed and assigned fund balance as of June 30, 2012 for the following purposes:

	Committed	Assigned
General government (OPEB)	765,748	-
Public works	45,467	149,364
Education	858,484	30,000
Public safety	380,176	-
Cemetery	636,546	-
Sanitation	359,131	-
Other purposes	213,209	-
	\$ 3,258,761	\$ 179,364

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS

DEFINED BENEFIT PLANS

Plan Description

The Town maintains two single employer, contributory, defined benefit pension plans: the Town Employees' Plan (the "Town Plan") and the Board of Education Employees' Plan ("Board of Education Plan") and a single employer, noncontributory, defined benefit pension plan: the Volunteer Firefighters Incentive Plan ("Volunteer Firefighters' Plan") (collectively the "Plans"). Collectively, the Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the Teachers' Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments are recorded at fair value based on quoted market prices. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by means of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Administrative costs of the Plans are funded through investment earnings of the Plans.

Plan Membership

Membership of the Plans consisted of the following at the date of the latest actuarial valuations:

	Town Plan	Board of Education Plan	Firefighters' Plan
Retirees and beneficiaries receiving benefits	-	22	6
Terminated plan members entitled to but not yet receiving benefits	5	5	26
Active plan members	26	51	35
	<u>31</u>	<u>78</u>	<u>67</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Benefit Provisions

Town Plan

All Town employees who are not governed by a collective bargaining agreement, under which retirement benefits were the subject of good faith bargaining, are eligible to participate in the plan. Benefits vest after 7 years of service with partial vesting beginning after 3 years of service. Normal retirement date is the participant's 65th birthday or the 5th anniversary of joining the plan, if later.

Pension benefits for normal retirement under the plan are based on the average monthly compensation during the five consecutive years of service, at which the participants' earnings were at their highest level. The participant's monthly benefit shall be equal to 1.67% of the average monthly compensation multiplied by the total number of years of employment with the Town (limited to 25 years). The plan permits early retirement for participants at age 55 with 10 years of service. Benefits for early retirement shall be equal to the present value of the participants' accrued benefit. Prior to September 1, 2011, non-union participants contributed 1% and union participants contributed 2% of their annual earnings. Effective September 1, 2011, participants are required to make a picked-up contribution to the plan, which the Town has agreed to make on the participant's behalf. The amount of the picked-up contribution to the plan is 2% for certain union participants and 3% for all other employees through June 30, 2013, 4% effective July 1, 2013 through June 30, 2015 and 5% effective July 1, 2015.

Board of Education Plan

All secretaries, aides, maintenance and custodial workers and nurses employed by the Board of Education are eligible to participate in the plan. Benefits vest after 10 years of credited service. Normal retirement date is the participants' 65th birthday or the 5th anniversary of joining the plan, if later.

Pension benefits for normal retirement under the plan are based on the average monthly compensation during the five consecutive years of service, at which the participants' earnings were at their highest level. The participant's monthly benefit shall be equal to 1.67% of the average monthly compensation multiplied by the total number of years of employment with the Town (limited to 20 years). Participants contribute 3.5% of their annual earnings.

Volunteer Firefighters' Plan

Each active volunteer firefighter must have completed one active year of service in order to become a participant in the plan. A participant will be eligible for some accrued benefits at age 65 provided he has accrued at least five years of credited service. The retirement benefit formula is \$5 per month per year of credited service.

Other Plan Provisions

The Town Plan does not provide disability benefits. If an employee becomes disabled and must cease employment, he will be entitled to the same benefits as a participant who has terminated employment. In the event of death, a beneficiary shall receive benefits payable upon death, which are subject to certain limitations imposed by law. Death benefits will be equal to the present value of the accrued benefits.

The Board of Education Plan provides a disability retirement benefit, which is equal to the present value of the employee's vested accrued benefit at the disability retirement date.

The Volunteer Firefighters Plan does not provide disability benefits.

Benefit provisions of the Plans are established and can be amended by the Board of Selectmen.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Board of Selectmen. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs for all Plans were determined using the Aggregate Actuarial Cost Method.

For the year ended June 30, 2012, employer contributions to the Town Plan represented approximately 16.5% of covered payroll.

For the year ended June 30, 2012, employer contributions to the Board of Education Plan represented approximately 13.5% of covered payroll.

Funded Status and Funding Progress

The funded status of each plan as of the most recent actuarial dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Town Plan						
July 1, 2011	\$ 1,548,335	\$ 2,249,894	\$ 701,559	68.8%	\$ 1,168,738	60.0%
Board of Education Plan						
July 1, 2012	\$ 3,076,024	\$ 3,751,807	\$ 675,783	82.0%	\$ 1,431,486	47.2%
Firefighters' Plan						
July 1, 2010	\$ 161,742	\$ 241,244	\$ 79,502	67.0%	Not applicable	Not applicable

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

The aggregate actuarial cost method is used to determine the annual required contribution (ARC) of the employer for each of the Plans. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status of the Plans have been prepared using the entry age normal cost actuarial method and is intended to serve as a surrogate for the funded status of the Plans.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Concentrations

Individual investments that represent five percent or more of each respective Plan's net assets consist of certain mutual funds. These investments are not subject to concentration of credit risk disclosure as they are considered to be diversified investments by their nature.

Additional Information and Actuarial Assumptions

	Town Plan	Board of Education Plan	Firefighters' Plan
Valuation date	July 1, 2011	July 1, 2012	July 1, 2010
Actuarial cost method	Aggregate Actuarial Cost Method	Aggregate Actuarial Cost Method	Aggregate Actuarial Cost Method
Amortization method	*	*	*
Remaining amortization period	*	*	*
Asset valuation method	Fair Value	Fair Value	Fair Value
Actuarial assumptions (includes inflation rate):			
Investment rate of return	6.50%	7.00%	6.50%
Inflation rate	4.00%	4.00%	N/A
Projected salary increases	4.00%	4.00%	N/A

* The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Town Plan			
2010	\$ 156,134	121.09%	\$ (22)
2011	185,971	99.99%	-
2012	172,305	100.00%	-
Board of Education Plan			
2010	\$ 271,307	100.00%	\$ (3,828)
2011	226,289	98.31%	-
2012	193,405	100.00%	-
Firefighters' Plan			
2010	\$ 14,691	74.91%	\$ 26,945
2011	12,158	139.52%	22,140
2012	13,597	89.42%	23,579

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan			
2007	\$ 175,414	\$ 148,000	84%
2008	147,704	285,981	194%
2009	155,873	155,873	100%
2010	162,068	189,068	117%
2011	185,949	185,949	100%
2012	172,305	172,305	100%
Board of Education Plan			
2007	\$ 145,921	\$ 145,921	100%
2008	170,777	174,605	102%
2009	200,162	200,162	100%
2010	271,307	271,307	100%
2011	222,461	222,461	100%
2012	193,405	193,405	100%
Firefighters' Plan			
2007	\$ 13,382	\$ 13,000	97%
2008	10,618	10,618	100%
2009	15,180	15,180	100%
2010	15,810	11,005	70%
2011	12,158	16,963	140%
2012	12,158	12,158	100%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

	Town Plan	Board of Education Plan	Firefighters' Plan
Annual required contribution	\$ 172,305	\$ 193,405	\$ 12,158
Interest on net pension obligation	-	-	1,439
Annual pension cost	172,305	193,405	13,597
Contributions made	172,305	193,405	12,158
Increase in net pension obligation	-	-	1,439
Net pension obligation, beginning of year	-	-	22,140
Net pension obligation, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,579</u>

Plan Financial Statements

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
JUNE 30, 2012

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ASSETS				
Cash and cash equivalents	\$ 268,725	\$ 211,936	\$ 4,107	\$ 484,768
Investments:				
U.S. Agency securities	7,944	-	-	7,944
Corporate bonds	19,100	912,387	-	931,487
Mutual funds	3,267	892,078	207,969	1,103,314
Equity securities	1,361,963	866,218	-	2,228,181
Contributions receivable	-	193,405	-	193,405
Total assets	<u>1,660,999</u>	<u>3,076,024</u>	<u>212,076</u>	<u>4,949,099</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 1,660,999</u>	<u>\$ 3,076,024</u>	<u>\$ 212,076</u>	<u>\$ 4,949,099</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Financial Statements (Continued)

TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ADDITIONS				
Contributions:				
Employer	\$ 172,305	\$ 193,405	\$ 12,158	\$ 377,868
Plan members	71,034	55,640	-	126,674
Total contributions	<u>243,339</u>	<u>249,045</u>	<u>12,158</u>	<u>504,542</u>
Investment earnings:				
Interest and dividends	38,547	23,471	4,842	66,860
Net appreciation (depreciation) in the fair value of investments, net of investment fees	50,021	(57,561)	(6,247)	(13,787)
Total investment earnings, net	<u>88,568</u>	<u>(34,090)</u>	<u>(1,405)</u>	<u>53,073</u>
Total additions	<u>331,907</u>	<u>214,955</u>	<u>10,753</u>	<u>557,615</u>
DEDUCTIONS				
Benefit payments	197,546	125,445	11,669	334,660
Administrative expenses	21,697	10,533	-	32,230
Total deductions	<u>219,243</u>	<u>135,978</u>	<u>11,669</u>	<u>366,890</u>
Change in net assets	112,664	78,977	(916)	190,725
Net Assets Held in Trust for				
Pension Benefits:				
Beginning	1,548,335	2,997,047	212,992	4,758,374
Ending	<u>\$ 1,660,999</u>	<u>\$ 3,076,024</u>	<u>\$ 212,076</u>	<u>\$ 4,949,099</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (*Continued*)

TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual town basis. For the year ended June 30, 2012, Town teachers contributed \$717,419 to the plan and covered payroll for the year was \$9,895,440.

The Town has reported "on behalf" payments of \$2,032,523 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Town and Board of Education Plan Description

The Town of Somers provides healthcare and life insurance benefits for eligible retirees and their spouses through the Town and Board of Education group healthcare and life insurance plans, which cover both active and retired members. Benefit provisions are established through negotiations between the Town, Board of Education, and the union representing the employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the plan members and the Town, including the Board of Education, are established by and may be amended through negotiations between the Town, Board of Education, and the union. Currently, plan members are required to contribute 100% of their healthcare premiums to the Town, less any reimbursements received by the Town from the State Retirement Board. The Town contributes 100% of the cost of current-year life insurance premiums for eligible retired plan members. The Town finances the plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$ 446,309
Interest on net OPEB obligation	55,412
Adjustment to annual required contribution	<u>(83,152)</u>
Annual OPEB cost	418,569
Contributions made	<u>129,770</u>
Increase in net OPEB obligation	288,799
Net OPEB obligation, beginning of year	<u>1,583,214</u>
Net OPEB obligation, end of year	<u><u>\$ 1,872,013</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2011 and 2010 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 418,569	31.0%	\$ 1,872,013
2011	419,023	30.9%	1,583,214
2010	816,918	21.6%	1,293,852

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ -	\$ 5,795,161	\$ 5,795,161	0.0%	\$ 11,290,000	51.3%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, 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.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing of benefit costs between the Town and the 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 Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date	July 1, 2010
Actuarial cost method	Actuarial Projected Unit Credit Method
Amortization method	Level Dollar
Remaining amortization period	30 years, open
Asset valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return	3.50%
Inflation rate	3.00%
Healthcare cost trend rate	10.00% initial 5.00% final

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

NOTE 13 - CONTINGENCIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 14 - DEFERRED COMPENSATION PLAN

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is not required to make contributions to this plan. In addition, the Town offers its full-time firefighters a separate deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under terms of the plan, the Town is required to contribute 6.0% of a participant's base wages in addition to accumulated sick time earned up to five days. Total contributions made by the Town for the year ended June 30, 2012 totaled \$14,357. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, it is the opinion of the Town's legal counsel that the Town has no liability for losses under the plans. Therefore, the accounts of the deferred compensation plans are not reported in the basic financial statements of the Town.

NOTE 15 - SUBSEQUENT EVENT

During December 2012, the Town issued \$7,610,000 in general obligation refunding bonds. The proceeds from the bonds were used to advance refund certain maturities of the Town's 2004 (\$3,360,000 principal amount refunded) and 2007 (\$3,860,000 principal amount refunded) bond issuances. Interest on the refunding bonds are payable semi-annually with interest rates ranging from 2.0% to 3.0%. Principal is payable annually through August 1, 2027, the maturity date.

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued several new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of these standards, as applicable, will have on its financial statements. A summary of recently issued accounting standards that will become effective in future years is as follows:

In December 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporates into the GASB authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The provisions in GASB 62 are effective for fiscal years beginning after December 15, 2011.

The GASB has issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). GASB 63 requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. GASB 63 also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

The GASB has issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of GASB 65 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 66, *Technical Corrections – 2012*, which amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 67, *Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2012

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF SOMERS, CONNECTICUT
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(Unaudited)
JUNE 30, 2012

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan			
2010	\$ 162,068	\$ 189,068	117%
2011	185,949	185,949	100%
2012	172,305	172,305	100%
Board of Education Plan			
2010	\$ 271,307	\$ 271,307	100%
2011	222,461	222,461	100%
2012	193,405	193,405	100%
Firefighters' Plan			
2010	\$ 15,810	\$ 11,005	70%
2011	12,158	16,963	140%
2012	12,158	12,158	100%
Town and Board of Education OPEB Plan			
2010	\$ 828,369	\$ 176,653	21%
2011	441,692	129,661	29%
2012	446,309	129,770	29%

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (Unaudited)
JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Town Plan*						
July 1, 2011	\$ 1,548,335	\$ 2,249,894	\$ 701,559	68.8%	\$ 1,168,738	60.0%
July 1, 2010	1,167,595	1,733,314	565,719	67.4%	1,126,682	50.2%
July 1, 2008	998,472	1,436,982	438,510	69.5%	1,073,981	40.8%
Board of Education Plan*						
July 1, 2012	\$ 3,076,024	\$ 3,751,807	\$ 675,783	82.0%	\$ 1,431,486	47.2%
July 1, 2011	2,774,740	3,502,763	728,023	79.2%	1,678,115	43.4%
July 1, 2009	1,795,632	3,098,451	1,302,819	58.0%	1,777,388	73.3%
July 1, 2008	2,216,930	2,854,225	637,295	77.7%	1,466,901	43.4%
Firefighters' Plan*						
July 1, 2010	\$ 161,742	\$ 241,244	\$ 79,502	67.0%	Not applicable	Not applicable
July 1, 2008	174,801	251,838	77,037	69.4%	Not applicable	Not applicable
Town and Board of Education OPEB Plan*						
July 1, 2010	\$ -	\$ 5,795,161	\$ 5,795,161	0.0%	\$ 11,290,000	51.3%
July 1, 2008	-	9,324,241	9,324,241	0.0%	12,766,882	73.0%

* Information regarding the funding progress for each of these Plans prior to the July 1, 2008 actuarial valuation is not available.

Combining and Individual Fund Statements and Schedules

*Governmental
Funds*

General Fund

**TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
Revenues from property taxes	\$ 17,849,109	\$ 17,849,109	\$ 17,968,635	\$ 119,526
Interest and lien fees	65,000	65,000	96,772	31,772
Total property taxes	<u>17,914,109</u>	<u>17,914,109</u>	<u>18,065,407</u>	<u>151,298</u>
INTERGOVERNMENTAL				
Education and transportation grants	6,022,971	6,022,971	6,018,069	(4,902)
Pequot Indian grant	1,158,963	1,158,963	1,311,209	152,246
Payment in lieu of tax, state property	1,406,661	1,406,661	1,407,239	578
School building grants	341,774	341,774	341,774	-
Property tax relief grants	275,431	275,431	271,758	(3,673)
Local capital improvement grants	91,975	91,975	91,975	-
Police grants	35,000	35,000	17,187	(17,813)
Miscellaneous grants	22,000	22,000	1,018,359	996,359
Telephone tax	18,000	18,000	16,703	(1,297)
Total intergovernmental	<u>9,372,775</u>	<u>9,372,775</u>	<u>10,494,273</u>	<u>1,121,498</u>
CHARGES FOR SERVICES				
Brush and wood	8,000	8,000	13,928	5,928
Building permits	100,000	100,000	107,222	7,222
Bulky waste	90,000	90,000	98,269	8,269
Cell tower	65,000	65,000	71,428	6,428
Conservation commission	2,000	2,000	2,250	250
Conveyance tax	80,000	80,000	62,421	(17,579)
Fire Marshall fees	5,000	5,000	6,795	1,795
Fire watch services	-	-	2,050	2,050
Generator rebate	3,000	3,000	2,472	(528)
Maple Ridge sewer assessment	-	-	9,835	9,835
Mini bus donations	2,000	2,000	1,890	(110)
Other licenses and permits	13,000	13,000	9,551	(3,449)
Other revenue	35,000	36,480	29,801	(6,679)
Planning commission	3,000	3,000	3,420	420
Police services	15,000	15,000	27,688	12,688
Recreation, self-supporting	25,000	25,000	20,344	(4,656)
Recycling	49,250	49,250	56,412	7,162
Rental of town property	-	-	2,462	2,462
Sale of town owned land	50,000	76,000	78,554	2,554
Sanitarian	14,000	14,000	20,325	6,325
Somers public school tuition payments	-	-	23,177	23,177
Summer camp - self support	45,000	45,000	46,485	1,485
Town clerk fees	70,000	70,000	68,513	(1,487)
Transfer station permit fee	45,000	45,000	53,750	8,750
Zoning board of appeals	1,000	1,000	-	(1,000)
Zoning commission	2,500	2,500	8,485	5,985
Zoning permits	5,000	5,000	(185)	(5,185)
Total charges for services	<u>727,750</u>	<u>755,230</u>	<u>827,342</u>	<u>72,112</u>
INVESTMENT EARNINGS	<u>50,000</u>	<u>50,000</u>	<u>12,753</u>	<u>(37,247)</u>
Total revenues	<u>28,064,634</u>	<u>28,092,114</u>	<u>29,399,775</u>	<u>1,307,661</u>
OTHER FINANCING SOURCES				
Operating transfers in:				
Water Fund	-	-	6,376	6,376
Sewer Fund	-	60,000	77,400	17,400
Ambulance Fund	125,000	125,000	125,000	-
Library Construction Fund	-	-	194,587	194,587
Use of fund balance	64,888	1,244,788	-	(1,244,788)
Total other financing sources	<u>189,888</u>	<u>1,429,788</u>	<u>403,363</u>	<u>(1,026,425)</u>
Total revenues and other financing sources	<u>\$ 28,254,522</u>	<u>\$ 29,521,902</u>	<u>\$ 29,803,138</u>	<u>\$ 281,236</u>

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Board of Assessment Appeals	\$ 450	\$ 450	\$ 137	\$ (313)
Board of Assessors	92,225	87,891	86,884	(1,007)
Board of Finance	41,250	42,207	41,894	(313)
Board of Selectmen	291,380	294,487	292,686	(1,801)
Building Department	72,926	73,101	72,717	(384)
Land Use	90,886	91,542	87,817	(3,725)
Planning Commission	8,400	9,386	8,152	(1,234)
Probate Court	3,800	3,800	3,800	-
Tax Collector	88,511	96,815	96,159	(656)
Town Clerk	97,558	96,336	96,127	(209)
Finance	146,839	147,845	147,709	(136)
Zoning Board of Appeals	5,200	3,110	1,978	(1,132)
Zoning Commission	11,725	10,429	9,285	(1,144)
Conservation	16,304	16,333	16,015	(318)
Employee Benefits	918,000	865,454	822,089	(43,365)
Information Technology	65,550	78,535	77,350	(1,185)
Election	26,466	23,917	21,083	(2,834)
Total general government	<u>1,977,470</u>	<u>1,941,638</u>	<u>1,881,882</u>	<u>(59,756)</u>
PUBLIC SAFETY				
Fire Marshall	44,130	48,881	48,606	(275)
Fire Protection	572,737	647,991	635,796	(12,195)
Police Protection	670,564	688,080	687,833	(247)
Civil Preparedness	8,000	12,252	12,252	-
Total public safety	<u>1,295,431</u>	<u>1,397,204</u>	<u>1,384,487</u>	<u>(12,717)</u>
PUBLIC WORKS				
Town Facilities	683,742	689,014	687,810	(1,204)
Highway Department	747,978	1,811,653	1,808,836	(2,817)
Public Works	116,000	116,532	116,531	(1)
Park and Recreation Maintenance	138,090	138,793	135,612	(3,181)
Total public works	<u>1,685,810</u>	<u>2,755,992</u>	<u>2,748,789</u>	<u>(7,203)</u>
SANITATION				
Water Pollution Control Authority	73,465	73,633	71,559	(2,074)
Transfer Station	558,562	554,812	551,100	(3,712)
Total sanitation	<u>632,027</u>	<u>628,445</u>	<u>622,659</u>	<u>(5,786)</u>
HEALTH AND SOCIAL SERVICES				
Eldery Services	3,601	3,601	3,601	-
Ambulance	74,945	68,124	59,668	(8,456)
Total health and social services	<u>78,546</u>	<u>71,725</u>	<u>63,269</u>	<u>(8,456)</u>
LIBRARY	<u>425,292</u>	<u>425,873</u>	<u>420,125</u>	<u>(5,748)</u>

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - BUDGETARY BASIS -
 GENERAL FUND (Continued)
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CULTURE AND RECREATION				
Recreation Commission	\$ 22,855	\$ 19,445	\$ 19,113	\$ (332)
Senior Services	60,110	63,400	61,971	(1,429)
Senior and Disabled Transportation	55,781	55,781	50,605	(5,176)
Community Services	9,500	9,500	9,048	(452)
Self-support Programs	70,000	70,000	61,117	(8,883)
Total culture and recreation	<u>218,246</u>	<u>218,126</u>	<u>201,854</u>	<u>(16,272)</u>
EDUCATION	<u>19,334,317</u>	<u>19,348,666</u>	<u>19,327,217</u>	<u>(21,449)</u>
MISCELLANEOUS				
Police Services	10,000	29,051	29,051	-
State Licenses	16,000	16,000	16,000	-
Contingency	20,000	-	-	-
Total miscellaneous	<u>46,000</u>	<u>45,051</u>	<u>45,051</u>	<u>-</u>
DEBT SERVICE				
Principal	1,620,000	1,620,000	1,620,000	-
Interest and Fiscal Charges	581,383	581,383	581,382	(1)
Total debt service	<u>2,201,383</u>	<u>2,201,383</u>	<u>2,201,382</u>	<u>(1)</u>
Total expenditures	<u>27,894,522</u>	<u>29,034,103</u>	<u>28,896,715</u>	<u>(137,388)</u>
OTHER FINANCING USES				
Operating transfers out:				
Capital Equipment Fund	300,000	300,000	300,000	-
Revaluation Fund	60,000	60,000	60,000	-
School Lunch Fund	-	7,799	7,799	-
Water Fund	-	-	23,200	23,200
Sewer Maintenance Fund	-	120,000	120,000	-
Total other financing uses	<u>360,000</u>	<u>487,799</u>	<u>510,999</u>	<u>23,200</u>
Total expenditures and other financing uses	<u>\$ 28,254,522</u>	<u>\$ 29,521,902</u>	<u>\$ 29,407,714</u>	<u>\$ (114,188)</u>

**TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2012**

Grand List Year	Balance Uncollected July 1, 2011		Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2012	
	\$			Additions	Deductions			Taxes	Interest	Fees		Total
2010	-		\$ 17,736,713	\$ 7,622	\$ 36,704	\$ -	\$ 17,707,631	\$ 17,523,381	\$ 51,017	\$ 3,464	\$ 17,577,862	\$ 184,250
2009	173,018		-	520	4,540	-	168,998	118,614	27,529	1,115	147,258	50,384
2008	48,752		-	234	6,237	-	42,749	21,775	8,944	279	30,998	20,974
2007	19,405		-	85	702	-	18,788	1,290	845	60	2,195	17,498
2006	21,665		-	-	294	-	21,371	265	313	9	587	21,106
2005	17,195		-	-	227	-	16,968	600	273	6	879	16,368
2004	16,221		-	-	117	-	16,104	191	496	6	693	15,913
2003	15,336		-	120	157	-	15,299	753	1,179	12	1,944	14,546
2002	2,617		-	-	53	-	2,564	155	239	-	394	2,409
2001	2,895		-	5	-	-	2,900	-	-	-	-	2,900
2000	2,865		-	11	-	-	2,876	-	-	-	-	2,876
1999	3,315		-	33	-	-	3,348	-	-	-	-	3,348
1998 and prior	11,803		-	-	-	-	11,803	-	-	-	-	11,803
	\$ 335,086		\$ 17,736,713	\$ 8,630	\$ 49,031	\$ -	\$ 18,031,398	\$ 17,667,024	\$ 90,835	\$ 4,951	\$ 17,762,810	\$ 364,374

See accompanying Report of Certified Public Accountants.

**TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2012**

Total cash collections for the year ended
June 30, 2012:

Taxes	\$ 17,667,024
Interest and lien fees	95,786
	17,762,810

Reimbursement for revenue loss:
Tax relief for elderly (CGS 12-129d)

	63,561
	\$ 17,826,371

Base

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
\$ 40,109,335	\$ -	-	-	-	-
-	80,218,670	-	-	-	-
-	-	66,848,891	-	-	-
-	-	-	57,935,706	-	-
-	-	-	-	-	53,479,113
40,109,335	80,218,670	66,848,891	57,935,706	53,479,113	53,479,113

Total debt limitation

Indebtedness:

Bonds payable
Less: school building grants to be provided by State

Total indebtedness

Debt limitation in excess of outstanding
and authorized debt

Total capacity of borrowing (7 times base)

Total present indebtedness

Margin for additional borrowing

\$ 6,470,045	7,124,955	-	-	-	-
-	344,191	-	-	-	-
6,470,045	6,780,764	-	-	-	-
\$ 33,639,290	\$ 73,437,906	\$ 66,848,891	\$ 57,935,706	\$ 53,479,113	\$ 53,479,113
\$ 124,784,597	-	-	-	-	-
13,250,809	-	-	-	-	-
\$ 111,533,788	-	-	-	-	-

See accompanying Report of Certified Public Accountants.

Combining Statements

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs, that is, for the benefit of the Town or its citizenry. The nonmajor permanent fund is the following:

Library Trust Fund - To account for the activity related to a restricted endowment the income from which may be expended for the Town's library operations.

**TOWN OF SOMERS, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2012**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund - Library Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,027,839	\$ 749,600	\$ 34,052	\$ 1,811,491
Investments	606,591	-	457,058	1,063,649
Receivables:				
Assessments and user charges receivable	103,558	-	-	103,558
Grants and contracts receivable	1,976	331,781	-	333,757
Accounts receivable	60,249	-	-	60,249
Due from other funds	229,823	217,641	-	447,464
Total assets	<u>\$ 2,030,036</u>	<u>\$ 1,299,022</u>	<u>\$ 491,110</u>	<u>\$ 3,820,168</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,576	\$ 29,817	\$ -	\$ 52,393
Accrued liabilities	-	74,506	-	74,506
Due to other funds	40,666	538,597	-	579,263
Unearned/Deferred revenue	237,786	24,266	-	262,052
Advance from other fund	85,186	-	-	85,186
Total liabilities	<u>386,214</u>	<u>667,186</u>	<u>-</u>	<u>1,053,400</u>
Fund Balances:				
Nonspendable	-	-	75,000	75,000
Restricted	-	-	416,110	416,110
Committed	1,652,276	765,748	-	2,418,024
Unassigned	(8,454)	(133,912)	-	(142,366)
Total fund balances	<u>1,643,822</u>	<u>631,836</u>	<u>491,110</u>	<u>2,766,768</u>
Total liabilities and fund balances	<u>\$ 2,030,036</u>	<u>\$ 1,299,022</u>	<u>\$ 491,110</u>	<u>\$ 3,820,168</u>

See accompanying Report of Certified Public Accountants.

**TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Library Trust Fund	Total Nonmajor Governmental Funds
REVENUES				
Assessments and user charges	\$ 113,945	\$ -	\$ -	\$ 113,945
Intergovernmental	973,278	668,808	-	1,642,086
Charges for services	782,242	43,678	-	825,920
Investment income	45,554	1,121	25,689	72,364
Miscellaneous	13,764	67,946	-	81,710
Total revenues	<u>1,928,783</u>	<u>781,553</u>	<u>25,689</u>	<u>2,736,025</u>
EXPENDITURES				
Current:				
Public safety	83,940	-	-	83,940
Public works	132,893	-	-	132,893
Sanitation	61,856	-	-	61,856
Health and social services	86,094	-	-	86,094
Library	27,381	-	11,375	38,756
Culture and recreation	15,083	-	-	15,083
Education	1,217,566	-	-	1,217,566
Debt service:				
Principal payments	-	127,369	-	127,369
Interest and fiscal charges	-	10,180	-	10,180
Capital outlays	-	1,461,154	-	1,461,154
Total expenditures	<u>1,624,813</u>	<u>1,598,703</u>	<u>11,375</u>	<u>3,234,891</u>
Excess (deficiency) of revenues over expenditures	303,970	(817,150)	14,314	(498,866)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	475,452	-	475,452
Transfers in	139,398	300,000	9,006	448,404
Transfers out	(141,211)	(226,993)	-	(368,204)
Total other financing sources (uses)	<u>(1,813)</u>	<u>548,459</u>	<u>9,006</u>	<u>555,652</u>
Net change in fund balances	302,157	(268,691)	23,320	56,786
Fund balances - beginning	<u>1,341,665</u>	<u>900,527</u>	<u>467,790</u>	<u>2,709,982</u>
Fund balances - ending	<u>\$ 1,643,822</u>	<u>\$ 631,836</u>	<u>\$ 491,110</u>	<u>\$ 2,766,768</u>

See accompanying Report of Certified Public Accountants.

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed by the Town for specified purposes. Nonmajor special revenue funds include the following:

Road Maintenance Fund - To account for grant revenue that is restricted for road improvements.

Educational Grants Fund - To account for grant revenue that is restricted for educational expenditures.

School Lunch Fund - To account for revenues that have been committed by the Town to fund the operations of the school lunch program.

Emergency Fund - To account for donations and contributions made for individuals in immediate need of financial assistance.

Dog Fund - To account for revenues that have been committed by the Town to fund the operations of the animal control department.

Meals on Wheels Fund - To account for revenues that have been committed by the Town to fund expenditures related to the delivery of meals to eligible elderly citizens in the Town.

Economic Development Fund - To account for revenues that have been committed by the Town to fund expenditures of the Economic Development Committee.

Water Fund - To account for operations of the Town's water system. .

Ambulance Fund - To account for revenues that have been committed by the Town to fund the operations of the Town's ambulance services.

Cultural Commission Fund - To account for revenues that have been committed by the Town to fund expenditures of cultural events.

Cemetery Working Fund - To account for revenues that have been committed by the Town to fund the operations of all Town cemeteries.

Recreation Commission Fund - To account for revenues that have been committed by the Town to fund the purchase of recreation equipment and supplies.

Library Fund - To account for donations and contributions to be used for the purchase of books and other library materials.

Historic Preservation Fund - To account for grant revenue that is restricted for the maintenance and restoration of historic documents held by the Town Clerk.

Land Preservation Fund - To account for revenues that have been committed by the Town to fund land preservation activities.

Sewer Fund - To account for operations of the Town's sewer system.

TOWN OF SOMERS, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	Road Maintenance Fund	Educational Grants Fund	School Lunch Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Economic Development Fund	Water Fund
ASSETS								
Cash and cash equivalents	\$ 91,756	\$ 25,381	\$ 75,771	\$ 24,876	\$ -	\$ 14,485	\$ 9,863	\$ 11,289
Investments	-	-	-	-	-	-	-	-
Receivables:								
Assessments and user charges receivable	-	-	-	-	-	-	-	60,472
Grants and contracts receivable	-	-	1,976	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	37,660	-	-	-	9,701	-	-	29,634
Total assets	\$ 129,416	\$ 25,381	\$ 77,747	\$ 24,876	\$ 9,701	\$ 14,485	\$ 9,863	\$ 101,395
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 535	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Unearned/Deferred revenue	83,949	25,381	-	-	-	-	-	60,472
Advance from other fund	-	-	-	-	-	-	-	41,686
Total liabilities	83,949	25,381	-	-	535	-	-	102,158
Fund Balances (Deficit):								
Committed	45,467	-	77,747	24,876	9,166	14,485	9,863	-
Unassigned	-	-	-	-	-	-	-	(763)
Total fund balances (deficit)	45,467	-	77,747	24,876	9,166	14,485	9,863	(763)
Total liabilities and fund balances	\$ 129,416	\$ 25,381	\$ 77,747	\$ 24,876	\$ 9,701	\$ 14,485	\$ 9,863	\$ 101,395

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 JUNE 30, 2012

ASSETS	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Recreation Commission Fund	Library Fund	Historic Preservation Fund	Land Preservation Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 310,783	\$ 12,235	\$ 73,713	\$ -	\$ 38,841	\$ 273	\$ 17,825	\$ 320,748	\$ 1,027,839
Investments	-	-	606,591	-	-	-	-	-	606,591
Receivables:									
Assessments and user charges receivable	-	-	-	-	-	-	-	43,086	103,558
Grants and contracts receivable	-	-	-	-	-	-	-	-	1,976
Accounts receivable	60,249	-	-	-	-	-	-	-	60,249
Due from other funds	-	-	-	-	-	-	65,828	87,000	229,823
Total assets	\$ 371,032	\$ 12,235	\$ 680,304	\$ -	\$ 38,841	\$ 273	\$ 83,653	\$ 450,834	\$ 2,030,036

LIABILITIES AND FUND BALANCES (DEFICIT)	Accounts payable	Due to other funds	Unearned/Deferred revenue	Advance from other fund	Total liabilities
Liabilities:					
Accounts payable	\$ -	\$ 11,974	\$ -	\$ -	\$ 326
Due to other funds	-	31,784	-	-	7,638
Unearned/Deferred revenue	24,898	-	-	-	-
Advance from other fund	-	-	-	-	-
Total liabilities	24,898	43,758	-	-	7,964

Fund Balances (Deficit):	Committed	Unassigned	Total fund balances (deficit)	Total liabilities and fund balances
Committed	346,134	-	-	-
Unassigned	-	636,546	-	-
Total fund balances (deficit)	346,134	636,546	-	-
Total liabilities and fund balances	\$ 371,032	\$ 680,304	\$ -	\$ -

Fund Balances (Deficit):	Committed	Unassigned	Total fund balances (deficit)	Total liabilities and fund balances
Committed	346,134	-	-	-
Unassigned	-	636,546	-	-
Total fund balances (deficit)	346,134	636,546	-	-
Total liabilities and fund balances	\$ 371,032	\$ 680,304	\$ -	\$ -

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICIT) -
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Road Maintenance Fund	Educational Grants Fund	School Lunch Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Economic Development Fund	Water Fund
REVENUES								
Assessments and user charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,800
Intergovernmental	132,892	787,782	11,517	-	-	-	-	34,567
Charges for services	-	-	415,439	6,343	8,906	16,251	-	-
Investment income	148	-	211	7	-	1	10	143
Miscellaneous	-	-	-	-	400	-	-	854
Total revenues	<u>133,040</u>	<u>787,782</u>	<u>427,167</u>	<u>6,350</u>	<u>9,306</u>	<u>16,252</u>	<u>10</u>	<u>43,364</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	16,762	10,690	-	-	-
Public works	132,893	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	3,043
Health and social services	-	-	-	-	-	13,313	-	-
Library	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Education	-	787,782	429,784	-	-	-	-	-
Total expenditures	<u>132,893</u>	<u>787,782</u>	<u>429,784</u>	<u>16,762</u>	<u>10,690</u>	<u>13,313</u>	<u>-</u>	<u>3,043</u>
Excess (deficiency) of revenues over expenditures	147	-	(2,617)	(10,412)	(1,384)	2,939	10	40,321
OTHER FINANCING SOURCES (USES)								
Transfers in	5,500	-	7,799	-	19,500	-	-	23,200
Transfers out	-	-	-	-	-	-	-	(6,376)
Total other financing sources (uses)	<u>5,500</u>	<u>-</u>	<u>7,799</u>	<u>-</u>	<u>19,500</u>	<u>-</u>	<u>-</u>	<u>16,824</u>
Net change in fund balances	5,647	-	5,182	(10,412)	18,116	2,939	10	57,145
Fund balances (deficit) - beginning	39,820	-	72,565	35,288	(8,950)	11,546	9,853	(57,908)
Fund balances (deficit) - ending	<u>\$ 45,467</u>	<u>\$ -</u>	<u>\$ 77,747</u>	<u>\$ 24,876</u>	<u>\$ 9,166</u>	<u>\$ 14,485</u>	<u>\$ 9,863</u>	<u>\$ (763)</u>

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICIT) -
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2012

	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Recreation Commission Fund	Library Fund	Historic Preservation Fund	Land Preservation Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
REVENUES									
Assessments and user charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,145	\$ 113,945
Intergovernmental	-	-	-	-	3,020	3,500	-	-	973,278
Charges for services	235,113	10,118	58,500	-	20,743	1,847	8,982	-	782,242
Investment income	320	20	44,127	-	39	-	29	499	45,554
Miscellaneous	-	-	1,000	-	3,320	-	-	8,190	13,764
Total revenues	235,433	10,138	103,627	-	27,122	5,347	9,011	114,834	1,928,783
EXPENDITURES									
Current:									
Public safety	56,488	-	-	-	-	-	-	-	83,940
Public works	-	-	-	-	-	-	-	-	132,893
Sanitation	-	-	-	-	-	-	-	58,813	61,856
Health and social services	-	-	72,781	-	-	-	-	-	86,094
Library	-	-	-	-	27,381	-	-	-	27,381
Culture and recreation	-	9,004	-	1,966	-	4,113	-	-	15,083
Education	-	-	-	-	-	-	-	-	1,217,566
Total expenditures	56,488	9,004	72,781	1,966	27,381	4,113	-	58,813	1,624,813
Excess (deficiency) of revenues over expenditures	178,945	1,134	30,846	(1,966)	(259)	1,234	9,011	56,021	303,970
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	23,399	-	-	60,000	139,398
Transfers out	(125,000)	-	-	-	-	-	-	(9,835)	(141,211)
Total other financing sources (uses)	(125,000)	-	-	-	23,399	-	-	50,165	(1,813)
Net change in fund balances	53,945	1,134	30,846	(1,966)	23,140	1,234	9,011	106,186	302,157
Fund balances (deficit) - beginning	292,189	11,101	605,700	1,966	15,701	(8,925)	68,774	252,945	1,341,665
Fund balances (deficit) - ending	\$ 346,134	\$ 12,235	\$ 636,546	\$ -	\$ 38,841	\$ (7,691)	\$ 77,785	\$ 359,131	\$ 1,643,822

See accompanying Report of Certified Public Accountants.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects, other than those financed by proprietary funds. Nonmajor capital projects funds consist of the following:

Capital Projects Fund - To account for revenues and expenditures associated with the construction of Town facilities and infrastructure.

Capital Equipment Fund - To account for the acquisition of capital equipment.

School Construction Fund - To account for revenues and expenditures associated with the construction of the Town's educational facilities.

Library Construction Fund - To account for the revenues and expenditures associated with the construction and renovation of the Town's library.

Library Expansion Fund - To account for donations for the purchase of furniture, fixtures and equipment for the Town's library.

Municipal Open Space Fund - To account for the revenues and expenditures associated with the purchase and preservation of open space land in the Town.

TOWN OF SOMERS, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2012

	Capital Projects Fund	Capital Equipment Fund	School Construction Fund	Library Construction Fund	Library Expansion Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
Cash and cash equivalents	\$ 249,192	\$ 109,828	\$ -	\$ -	\$ -	\$ 390,580	\$ 749,600
Grants and contracts receivable	331,781	-	-	-	-	-	331,781
Due from other funds	-	217,641	-	-	-	-	217,641
Total assets	\$ 580,973	\$ 327,469	\$ -	\$ -	\$ -	\$ 390,580	\$ 1,299,022

ASSETS

LIABILITIES AND FUND BALANCES (DEFICIT)

Liabilities:

Accounts payable	\$ 27,208	\$ 1,609	\$ 1,000	\$ -	\$ -	\$ -	\$ 29,817
Accrued liabilities	70,006	4,500	-	-	-	-	74,506
Unearned/Deferred revenue	24,266	-	-	-	-	-	24,266
Due to other funds	405,685	-	132,912	-	-	-	538,597
Total liabilities	527,165	6,109	133,912	-	-	-	667,186

Fund Balances (Deficit):

Committed	53,808	321,360	-	-	-	390,580	765,748
Unassigned	-	-	(133,912)	-	-	-	(133,912)
Total fund balances (deficit)	53,808	321,360	(133,912)	-	-	390,580	631,836
Total liabilities and fund balances	\$ 580,973	\$ 327,469	\$ -	\$ -	\$ -	\$ 390,580	\$ 1,299,022

**TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) -
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Capital Projects Fund	Capital Equipment Fund	School Construction Fund	Library Construction Fund	Library Expansion Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ 618,808	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 668,808
Charges for services	-	-	-	-	-	43,678	43,678
Investment income	401	174	-	25	4	517	1,121
Miscellaneous	49,500	18,446	-	-	-	-	67,946
Total revenues	<u>668,709</u>	<u>18,620</u>	<u>-</u>	<u>50,025</u>	<u>4</u>	<u>44,195</u>	<u>781,553</u>
EXPENDITURES							
Debt service:							
Principal payments	-	127,369	-	-	-	-	127,369
Interest and fiscal charges	-	10,180	-	-	-	-	10,180
Capital outlays	737,516	698,638	-	-	-	25,000	1,461,154
Total expenditures	<u>737,516</u>	<u>836,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>1,598,703</u>
Excess (deficiency) of revenues over expenditures	(68,807)	(817,567)	-	50,025	4	19,195	(817,150)
OTHER FINANCING SOURCES (USES)							
Proceeds from capital lease	-	475,452	-	-	-	-	475,452
Transfers in	-	300,000	-	-	-	-	300,000
Transfers out	-	-	-	(194,587)	(32,406)	-	(226,993)
Total other financing sources (uses)	<u>-</u>	<u>775,452</u>	<u>-</u>	<u>(194,587)</u>	<u>(32,406)</u>	<u>-</u>	<u>548,459</u>
Net change in fund balances	(68,807)	(42,115)	-	(144,562)	(32,402)	19,195	(268,691)
Fund balances (deficit) - beginning	<u>122,615</u>	<u>363,475</u>	<u>(133,912)</u>	<u>144,562</u>	<u>32,402</u>	<u>371,385</u>	<u>900,527</u>
Fund balances (deficit) - ending	<u>\$ 53,808</u>	<u>\$ 321,360</u>	<u>\$ (133,912)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,580</u>	<u>\$ 631,836</u>

See accompanying Report of Certified Public Accountants.

*Fiduciary
Funds*

PENSION TRUST FUNDS AND AGENCY FUNDS

PENSION TRUST FUNDS

Pension trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. Pension trust funds include the Town Employees' Plan, the Board of Education Employees' Plan, and the Volunteer Firefighters' Incentive Plan.

AGENCY FUNDS

Agency funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds include the following:

Student Activities Funds - To account for monies generated by student activities in the Town's school system.

Bond Deposit Fund - To account for monies received to ensure that driveways and lawns are installed to correct specifications for new home construction.

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
JUNE 30, 2012

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 268,725	\$ 211,936	\$ 4,107	\$ 484,768
Investments:				
U.S. Agency securities	7,944	-	-	7,944
Corporate bonds	19,100	912,387	-	931,487
Mutual funds	3,267	892,078	207,969	1,103,314
Equity securities	1,361,963	866,218	-	2,228,181
Contributions receivable	-	193,405	-	193,405
Total assets	<u>1,660,999</u>	<u>3,076,024</u>	<u>212,076</u>	<u>4,949,099</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 1,660,999</u>	<u>\$ 3,076,024</u>	<u>\$ 212,076</u>	<u>\$ 4,949,099</u>

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ADDITIONS				
Contributions:				
Employer	\$ 172,305	\$ 193,405	\$ 12,158	\$ 377,868
Plan members	71,034	55,640	-	126,674
Total contributions	<u>243,339</u>	<u>249,045</u>	<u>12,158</u>	<u>504,542</u>
Investment earnings:				
Interest and dividends	38,547	23,471	4,842	66,860
Net appreciation (depreciation) in the fair value of investments, net of investment fees	50,021	(57,561)	(6,247)	(13,787)
Total investment earnings, net	<u>88,568</u>	<u>(34,090)</u>	<u>(1,405)</u>	<u>53,073</u>
Total additions	<u>331,907</u>	<u>214,955</u>	<u>10,753</u>	<u>557,615</u>
DEDUCTIONS				
Benefit payments	197,546	125,445	11,669	334,660
Administrative expenses	21,697	10,533	-	32,230
Total deductions	<u>219,243</u>	<u>135,978</u>	<u>11,669</u>	<u>366,890</u>
Change in net assets	112,664	78,977	(916)	190,725
Net Assets Held in Trust for				
Pension Benefits:				
Beginning	<u>1,548,335</u>	<u>2,997,047</u>	<u>212,992</u>	<u>4,758,374</u>
Ending	<u>\$ 1,660,999</u>	<u>\$ 3,076,024</u>	<u>\$ 212,076</u>	<u>\$ 4,949,099</u>

See accompanying Report of Certified Public Accountants.

TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2012

	Student Activities Funds	Bond Deposit Fund	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 152,265	\$ 151,059	\$ 303,324
Total assets	<u>\$ 152,265</u>	<u>\$ 151,059</u>	<u>\$ 303,324</u>
 LIABILITIES			
Due to others	\$ 152,265	\$ 151,059	\$ 303,324
Total liabilities	<u>\$ 152,265</u>	<u>\$ 151,059</u>	<u>\$ 303,324</u>

See accompanying Report of Certified Public Accountants.

**TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2012</u>
Student Activities Funds				
Assets				
Cash and cash equivalents	\$ 152,320	\$ 777,356	\$ 777,411	\$ 152,265
Total assets	<u>\$ 152,320</u>	<u>\$ 777,356</u>	<u>\$ 777,411</u>	<u>\$ 152,265</u>
Liabilities				
Due to others	\$ 152,320	\$ 777,356	\$ 777,411	\$ 152,265
Total liabilities	<u>\$ 152,320</u>	<u>\$ 777,356</u>	<u>\$ 777,411</u>	<u>\$ 152,265</u>
Bond Deposit Fund				
Assets				
Cash and cash equivalents	\$ 176,454	\$ 4,850	\$ 30,245	\$ 151,059
Total assets	<u>\$ 176,454</u>	<u>\$ 4,850</u>	<u>\$ 30,245</u>	<u>\$ 151,059</u>
Liabilities				
Due to others	\$ 176,454	\$ 4,850	\$ 30,245	\$ 151,059
Total liabilities	<u>\$ 176,454</u>	<u>\$ 4,850</u>	<u>\$ 30,245</u>	<u>\$ 151,059</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 328,774	\$ 782,206	\$ 807,656	\$ 303,324
Total assets	<u>\$ 328,774</u>	<u>\$ 782,206</u>	<u>\$ 807,656</u>	<u>\$ 303,324</u>
Liabilities				
Due to others	\$ 328,774	\$ 782,206	\$ 807,656	\$ 303,324
Total liabilities	<u>\$ 328,774</u>	<u>\$ 782,206</u>	<u>\$ 807,656</u>	<u>\$ 303,324</u>

See accompanying Report of Certified Public Accountants.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

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These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	78
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These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	84
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Demographic and Economic Information	
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These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	91

Sources: Unless otherwise noted, the information in the accompanying tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* in fiscal year 2003; tables presenting government-wide information include information beginning in that year.

Table 1

TOWN OF SOMERS, CONNECTICUT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting - Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 24,800,847	\$ 25,503,947	\$ 27,600,663	\$ 34,091,150	\$ 35,304,308
Restricted	226,678	849,609	253,736	278,884	316,030
Unrestricted	4,128,308	9,049,644	8,748,455	5,663,831	7,664,624
Total governmental activities net assets	<u>\$ 29,155,833</u>	<u>\$ 35,403,200</u>	<u>\$ 36,602,854</u>	<u>\$ 40,033,865</u>	<u>\$ 43,284,962</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 36,774,384	\$ 38,094,992	\$ 39,619,014	\$ 38,972,295	\$ 39,544,160
Restricted	298,815	345,544	375,142	467,790	685,697
Unrestricted	7,953,501	7,095,822	6,224,532	4,497,207	4,406,532
Total governmental activities net assets	<u>\$ 45,026,700</u>	<u>\$ 45,536,358</u>	<u>\$ 46,218,688</u>	<u>\$ 43,937,292</u>	<u>\$ 44,636,389</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

Table 2

TOWN OF SOMERS, CONNECTICUT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Actual Basis of Accounting - Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 2,362,212	\$ 2,552,353	\$ 2,608,514	\$ 3,441,569	\$ 2,647,209	\$ 2,850,726	\$ 3,355,161	\$ 2,400,957	\$ 2,671,986	\$ 1,847,141
Public safety	1,011,988	990,900	1,118,929	1,153,585	1,265,878	1,477,575	1,511,360	1,572,666	1,710,710	1,737,616
Public works	1,141,690	1,140,097	1,079,095	981,652	1,317,306	1,797,973	1,512,162	1,463,614	1,617,722	3,593,895
Sanitation (1)	755,801	758,320	843,904	913,546	903,235	855,350	941,549	793,200	829,323	813,396
Health and social services	112,447	116,502	103,826	114,724	111,926	123,753	79,031	311,711	175,649	159,253
Library	362,573	385,217	363,901	383,706	401,716	398,753	459,413	596,090	497,825	485,491
Culture and recreation	174,460	145,953	110,676	113,382	118,581	191,635	173,635	450,294	173,635	231,757
Education	16,549,186	16,907,825	17,927,491	19,537,153	20,560,330	27,443,697	23,493,123	23,536,796	23,864,113	24,187,649
Interest and fiscal charges	992,500	820,427	879,729	948,729	887,476	985,345	866,922	760,415	679,951	600,495
Total governmental activities expenses	23,468,857	23,818,294	25,036,065	27,588,046	28,213,657	36,088,743	32,410,665	31,687,773	32,250,914	33,661,663
Program Revenues (See Table 3)										
Governmental activities:										
Charges for services:										
General government	394,454	450,229	465,318	515,371	592,586	875,576	461,600	427,882	480,114	469,503
Public safety	163,644	130,828	135,387	177,044	270,712	253,105	260,037	316,222	263,266	292,985
Sanitation (1)	245,888	290,017	293,206	579,378	526,047	346,233	620,878	408,709	349,593	311,334
Health and social services										
Culture and recreation	72,182	88,248	91,092	98,666	81,799	106,933	65,084	65,203	79,088	71,751
Education	411,738	478,690	553,935	579,755	470,413	475,982	478,580	449,219	414,099	148,911
Operating grants and contributions	6,252,304	5,841,301	6,034,438	7,045,047	7,305,431	14,756,945	9,191,217	9,183,208	9,458,832	10,797,450
Capital grants and contributions	1,037,312	605,912	2,686,671	3,487,629	2,348,475	660,135	1,018,766	1,376,142	794,874	736,751
Total governmental activities program revenues	8,577,522	7,875,225	10,260,047	12,482,890	11,595,493	17,474,909	12,096,142	12,411,778	12,006,859	13,270,307
Net (Expense)/Revenue										
Governmental activities	(14,891,335)	(15,943,069)	(14,776,018)	(15,105,156)	(16,618,164)	(18,613,834)	(20,311,523)	(19,275,995)	(20,214,055)	(20,391,356)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	12,149,823	13,253,645	13,975,887	11,096,138	15,488,458	16,021,551	16,648,953	17,090,199	17,172,881	18,015,130
Grants and contributions not restricted to specific programs	2,105,118	2,417,470	2,734,397	3,556,909	3,780,097	3,900,091	4,117,089	2,857,667	2,799,849	2,990,206
Unrestricted investment earnings	131,771	140,951	262,887	601,087	600,706	433,930	58,139	100,159	295,679	85,117
Miscellaneous	55,588	89,747	77,524	82,033	89,747	89,747	89,747	89,747	89,747	89,747
Total governmental activities	14,745,600	15,901,813	17,050,495	18,536,167	19,869,261	20,335,572	20,824,181	19,958,325	20,178,409	21,090,453
Special items - loss on sale of capital assets										
Governmental activities										
Change in Net Assets										
Governmental activities	\$ (145,735)	\$ (41,256)	\$ 2,274,477	\$ 3,431,011	\$ 3,251,097	\$ 1,741,738	\$ 509,658	\$ 682,330	\$ (2,281,396)	\$ 699,097

(1) Sanitation includes recycling/transfer station and water/sewer sanitation.

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF SOMERS, CONNECTICUT
PROGRAM REVENUES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting - Unaudited)

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
General government	\$ 531,207	\$ 592,236	\$ 918,661	\$ 898,930	\$ 848,865
Public safety	215,900	166,065	174,687	396,797	293,221
Public works	69,545	46,138	46,646	135,281	278,406
Sanitation	245,888	283,967	299,181	579,378	526,047
Health and social services	4,818	5,146	4,889	22,303	5,335
Library	9,080	10,672	10,092	18,956	21,747
Culture and recreation	72,497	88,248	91,092	98,666	81,799
Education	7,428,587	6,682,753	8,714,796	10,332,579	9,540,073
Total governmental activities	\$ 8,577,522	\$ 7,875,225	\$ 10,260,044	\$ 12,482,890	\$ 11,595,493
Function/Program	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities:					
General government	\$ 1,483,196	\$ 1,330,462	\$ 429,478	\$ 626,782	\$ 486,206
Public safety	453,624	408,559	335,999	365,841	310,172
Public works	118,329	107,462	975,690	514,350	1,929,980
Sanitation	346,233	620,878	408,709	561,770	345,901
Health and social services	6,559	5,335	227,570	79,088	77,641
Library	24,975	252,980	382,459	86,966	77,083
Culture and recreation	109,238	65,084	338,773	293,610	131,671
Education	14,932,755	9,305,382	9,313,100	9,478,452	9,911,653
Total governmental activities	\$ 17,474,909	\$ 12,096,142	\$ 12,411,778	\$ 12,006,859	\$ 13,270,307

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

Table 5

TOWN OF SOMERS, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting - Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	\$ 12,414,343	\$ 13,148,856	\$ 13,923,620	\$ 14,828,059	\$ 15,478,254	\$ 16,063,571	\$ 16,722,954	\$ 17,017,421	\$ 17,058,185	\$ 18,065,407
Assessments and user charges	110,335	125,110	96,607	363,691	196,213	200,300	88,726	349,170	88,968	113,945
Intergovernmental	9,317,154	9,534,724	12,531,236	14,420,750	13,957,041	19,775,405	14,627,317	12,930,223	13,473,047	14,775,994
Charges for services	408,703	401,317	446,110	473,001	457,398	486,999	1,492,029	1,553,753	1,685,274	1,643,428
Investment income	135,167	140,951	262,890	401,087	600,706	433,869	58,139	100,159	205,679	85,117
Miscellaneous	922,215	1,139,433	1,196,592	1,344,801	1,358,499	1,626,222	344,259	422,446	127,551	81,710
Total revenues	23,307,915	24,490,391	28,457,055	31,831,389	32,048,111	38,586,366	33,333,424	32,373,172	32,638,704	34,765,601
Expenditures										
General government	1,982,359	2,251,905	2,225,766	2,041,117	2,092,107	2,452,665	2,353,643	2,370,322	2,454,899	1,777,569
Public safety	860,531	849,094	954,699	1,054,426	1,152,176	1,311,287	1,231,913	1,314,825	1,440,640	1,468,427
Public works	880,981	899,530	865,707	994,425	1,088,571	1,089,718	1,107,129	1,109,644	1,209,961	2,876,181
Sanitation	590,761	609,752	679,002	782,095	824,962	680,408	714,259	671,790	897,332	665,016
Health and social services	102,521	103,947	102,780	102,010	114,300	113,831	68,742	302,112	162,032	149,363
Library	326,732	329,417	339,105	352,409	371,440	366,299	398,098	417,900	468,247	458,881
Culture and recreation	126,810	99,146	93,993	111,326	105,968	137,518	174,799	480,064	149,018	216,937
Education	15,737,201	16,342,513	17,139,454	18,485,172	19,281,192	26,539,838	21,837,453	21,885,472	22,743,734	23,154,419
Miscellaneous	220,792	217,909	254,492	424,465	465,323	390,195	924,141	-	120,000	-
Debt service:										
Principal payments	1,456,351	1,792,816	1,818,014	1,868,070	1,889,742	2,128,567	2,450,664	2,321,091	2,224,578	1,747,369
Interest and fiscal charges	949,528	847,651	854,216	1,036,292	875,516	903,767	865,591	761,087	668,650	591,562
Capital outlays	835,222	1,210,702	6,444,699	7,426,706	4,496,287	2,130,356	3,779,384	1,118,502	1,147,252	1,461,154
Total expenditures	24,069,789	25,554,382	31,771,927	34,678,513	32,757,584	38,244,449	35,905,816	32,752,809	33,686,343	34,566,878
Excess of revenues over (under) expenditures	(761,874)	(1,063,991)	(3,314,872)	(2,847,124)	(709,473)	341,917	(2,572,392)	(379,637)	(1,047,639)	198,723

(1) - Beginning in FY 2009, charges for ambulance services have been presented as charges for services instead of as miscellaneous revenue.

(2) - Beginning in FY 2010, miscellaneous expenditures have been classified into one of the other specific expenditure categories.

Table 5 (Continued)

TOWN OF SOMERS, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (Continued)
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting - Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Issuance of bonds	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 7,100,000	\$ -	\$ -	\$ -	\$ -
Issuance of refunding bonds	-	-	-	5,700,000	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	5,417	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(5,642,000)	-	-	-	-	-	-
Issuance of bond anticipation note	-	1,400,000	700,000	-	3,200,000	-	-	-	-	-
Premium on issuance of bond anticipation note	-	20,146	-	26,336	-	-	-	-	-	-
Payment of bond anticipation note	-	-	(2,100,000)	-	-	(3,200,000)	-	-	-	-
Capital leases	84,000	178,630	89,970	578,856	118,195	105,000	176,462	-	173,902	475,452
Proceeds from sale of capital assets	-	150,000	-	-	-	-	-	-	-	-
Transfers in	704,510	435,899	550,726	1,727,571	1,012,799	1,621,153	685,899	714,504	455,000	784,203
Transfers out	(704,510)	(435,899)	(550,726)	(1,727,571)	(1,012,799)	(1,621,153)	(685,899)	(714,504)	(455,000)	(784,203)
Total other financing sources (uses)	84,000	1,748,776	3,789,970	663,192	3,318,195	4,010,417	176,462	-	173,902	475,452
Net change in fund balances	\$ (979,991)	\$ (1,566,096)	\$ 942,846	\$ (46,281)	\$ 3,660,112	\$ 1,438,025	\$ (2,395,930)	\$ (379,637)	\$ (873,737)	\$ 674,175
Debt service as a percentage of noncapital expenditures	11.1%	10.6%	8.6%	10.2%	10.5%	8.9%	10.3%	10.6%	8.9%	7.0%

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003. Therefore, capital expenditures for infrastructure were not capitalized prior to the implementation of GASB Statement No. 34 and are not included in the debt service as a percentage of noncapital expenditures ratio above.

TOWN OF SOMERS, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30,	Residential Property				Commercial Property		Industrial Property		Less: Tax Exempt Property		Total Taxable Assessed Value		(1) Total Direct Tax Rate		Estimated Actual Taxable Value		Assessed Value as a Percentage of Actual Value	
2003	\$	375,688,670	\$	17,570,100	\$	7,555,720	\$	122,045,430	\$	278,769,060	26.26	\$	572,592,129	70.00%				
2004		387,086,150		16,918,930		7,429,600		122,510,650		288,924,030	27.26		587,763,829	70.00%				
2005		393,235,050		19,141,230		4,626,690		122,509,550		294,493,420	28.56		595,718,529	70.00%				
2006		626,202,730		169,183,960		14,198,290		156,058,690		653,526,290	20.25		1,156,549,971	70.00%				
2007		630,654,185		168,795,830		14,580,170		156,002,450		658,027,735	21.01		1,162,900,264	70.00%				
2008		640,599,495		169,164,550		14,916,050		156,435,960		668,244,135	21.56		1,178,114,421	70.00%				
2009		649,716,283		172,734,260		14,118,940		156,910,410		679,659,073	21.91		1,195,099,261	70.00%				
2010		661,999,593		176,386,720		13,680,940		159,272,590		692,794,663	22.11		1,217,238,933	70.00%				
2011		698,819,380		210,411,680		9,353,100		184,832,840		733,751,320	21.12		1,312,263,086	70.00%				
2012		698,734,360		212,161,650		9,248,700		182,170,580		737,974,130	22.12		1,314,492,443	70.00%				

(1) The Total Direct Tax Rate shown above is the mill rate. The mill rate is divided by 1,000 and then multiplied by the taxable assessed value in arriving at the current property tax levy.

Note: Property revaluations were performed for fiscal year 2006 and 2011, which caused the Total Taxable Assessed Value to increase significantly and the mill rate to decrease significantly. The basis of taxable assessed value is 70% of the estimated actual value.

Source: Town of Somers, Office of the Assessor.

Table 7

**TOWN OF SOMERS, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

(Unaudited)

Taxpayer	2012			2003		
	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value	
Connecticut Light & Power	\$ 6,270,890	0.85%		\$ 2,571,090	0.92%	
Specialized Technology Resources Inc	5,877,680	0.80%		-	0.00%	
Grower Direct Inc	2,582,320	0.35%		-	0.00%	
Conval Inc	2,403,260	0.33%		1,888,000	0.68%	
Somers Crossing LLC	2,057,600	0.28%		1,159,556	0.42%	
Gingras Development LLC	1,873,200	0.25%		-	0.00%	
The CT Water Company	1,777,160	0.24%		-	0.00%	
Somers Recreation Inc	1,660,680	0.23%		998,325	0.36%	
Birkenshaw, David	1,536,800	0.21%		-	0.00%	
Forty Scitico Road LLC	1,348,200	0.18%		-	0.00%	
Total	\$ 27,387,790	3.71%		\$ 6,616,971	2.37%	
Total Taxable Assessed Real Estate Value *	\$ 737,974,130			\$ 278,769,060		

* Total Town Taxable Assessed Value after exempt property

Source: Town of Somers, Office of the Tax Collector.

Table 8

**TOWN OF SOMERS, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2003	\$ 12,370,564	99.27%	\$ 12,280,270	99.27%	\$ 52,738	99.70%	\$ 12,333,008	99.70%
2004	13,251,117	98.35%	13,032,202	98.35%	112,338	99.20%	13,144,540	99.20%
2005	14,020,021	98.71%	13,839,346	98.71%	111,999	99.51%	13,951,345	99.51%
2006	14,677,342	98.76%	14,495,007	98.76%	66,371	99.21%	14,561,378	99.21%
2007	15,438,818	98.83%	15,258,285	98.83%	125,423	99.64%	15,383,708	99.64%
2008	15,985,836	98.72%	15,781,620	98.72%	160,210	99.72%	15,941,830	99.72%
2009	16,622,495	99.01%	16,457,607	99.01%	129,905	99.79%	16,587,512	99.79%
2010	16,790,911	99.14%	16,646,987	99.14%	105,898	99.77%	16,752,885	99.77%
2011	17,038,590	98.76%	16,827,615	98.76%	118,614	99.46%	16,946,229	99.46%
2012	17,736,713	98.80%	17,523,381	98.80%	-	98.80%	17,523,381	98.80%

Source: Town of Somers, Office of the Tax Collector.

Table 9

**TOWN OF SOMERS, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Actual Property Value	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes					
2003	\$ 17,785,000	-	\$	17,785,000	3.11%	6.43%	1,879
2004	16,090,000	-		16,090,000	2.74%	5.77%	1,700
2005	19,510,000	1,400,000		20,910,000	3.28%	7.45%	2,210
2006	18,185,000	-		18,185,000	1.57%	6.49%	1,922
2007	16,500,000	3,200,000		19,700,000	1.42%	7.01%	2,082
2008	21,680,000	3,200,000		24,880,000	1.84%	8.84%	2,629
2009	19,445,000	-		19,445,000	1.63%	6.88%	2,055
2010	17,325,000	-		17,325,000	1.42%	6.10%	1,831
2011	15,215,000	-		15,215,000	1.16%	4.28%	1,608
2012	13,595,000	-		13,595,000	1.03%	3.72%	1,437

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Table 10

**TOWN OF SOMERS, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legal Debt Margin Calculation:										
Total capacity of borrowing (7 times base)	\$ 86,788,275	\$ 92,110,522	\$ 98,447,230	\$ 108,045,455	\$ 108,174,374	\$ 112,256,683	\$ 117,329,933	\$ 118,436,023	\$ 119,578,025	\$ 124,784,597
Total present indebtedness	20,036,852	20,640,761	18,705,471	21,249,123	24,039,136	19,153,094	17,561,812	16,051,164	14,545,068	13,250,809
Margin for additional borrowing	\$ 66,751,423	\$ 71,469,761	\$ 79,741,759	\$ 86,796,332	\$ 84,135,238	\$ 93,103,589	\$ 99,768,121	\$ 102,384,859	\$ 105,032,957	\$ 111,533,788
Total net debt applicable to the debt limit as a percentage of the debt limit	23.09% ^a	22.41%	19.04% ^b	19.67% ^c	22.22% ^d	17.06% ^e	14.97% ^f	13.55% ^g	12.16% ^h	10.62% ⁱ

Note: Connecticut General Statutes, Section 7-374(b) limits the amount of general obligation debt a government entity may use to 7 times total tax collections, including interest and lien fees and the tax relief for the elderly freeze grant.

Table 11

**TOWN OF SOMERS, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

(Unaudited)

Year	(1) Population	(1) Per Capita		(1) Median Age	Education Level in Years of Schooling	(2) School Enrollment	(3) Unemployment Rate		
		Personal Income	Personal Income						
2003	10,665	\$	276,778,080	\$	25,952	37.4	12.0	1,695	4.2%
2004	10,753		279,061,856		25,952	37.4	12.0	1,735	3.4%
2005	10,812		280,593,024		25,952	37.4	12.0	1,744	5.4%
2006	10,797		280,203,744		25,952	37.4	12.0	1,738	4.7%
2007	10,831		281,086,112		25,952	37.4	12.0	1,732	5.0%
2008	10,850		281,579,200		25,952	37.4	12.0	1,785	4.6%
2009	10,894		282,721,088		25,952	37.4	12.0	1,739	8.2%
2010	10,950		284,174,400		25,952	37.4	12.0	1,650	9.9%
2011	11,297		355,268,056		31,448	45.4	12.0	1,632	8.2%
2012	11,617		365,331,416		31,448	45.4	12.0	1,615	8.3%

(1) U.S. Department of Commerce, Bureau of Census

(2) Town of Somers, Board of Education

(3) State of Connecticut, Labor Department, Office of Research and Statistics

**TOWN OF SOMERS, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**
(Unaudited)

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Percentage of Total Town Employment</u>
CT Department of Corrections	953	37.36%	N/A	(1)
Town of Somers	310	12.15%	300	-
Grower Direct	120	4.70%	50	-
Conval Inc	100	3.92%	90	-
STR	123	4.82%	N/A	-
Geisslers Supermarket	68	2.67%	N/A	-
New England Tractor Trailer	40	1.57%	45	-
Lindy Farms	30	1.18%	N/A	-
The Grammer School	17	0.67%	20	-
First Group America Inc	23	0.90%	N/A	-
Power Specialists Assoc.	30	1.18%	24	-
Total	1,814	71.11%	529	-

Total Somers Based Employment 2,551

(1) The total employment is not available within the Town of Somers and therefore the percentage of total town employment cannot be calculated.

N/A Not available.

Table 13

**TOWN OF SOMERS, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

(Unaudited)

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Finance	2	2	2	2	2	2	2	2	2	2
Planning	1	1	1	1	1	1	-	-	-	-
Building	2	2	2	2	2	2	2	2	2	2
Other	10	9	9	9	9	10	10	9	9	9
Police										
Officers	2	2	2	2	2	1	1	1	1	2
Civilians	1	1	1	1	1	1	1	1	1	-
Fire										
Firefighters and officers	6	6	6	6	7	7	7	7	7	7
Refuse collection	4	4	4	4	4	3	3	3	3	2
Public works	13	13	12	11	11	9	8	8	8	9
Parks and recreation	2	2	2	2	2	3	3	2	2	1
Library	9	9	9	9	9	9	9	9	9	8
Sanitation	1	1	1	1	1	2	2	2	2	2
Transit	2	2	2	2	2	2	2	2	2	2
Total	55	54	53	52	53	52	50	48	48	46

Note: A full-time employee is scheduled to work 37.5 hours per week (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 37.5.

Source: Town of Somers, Treasurer's Office.

Table 14

**TOWN OF SOMERS, CONNECTICUT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

(Unaudited)

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Criminal investigations	255	268	244	228	252	277	233	276	296	266
Motor vehicle accidents	168	164	167	131	109	144	150	140	127	133
DWI Arrests	46	35	40	20	42	28	17	19	24	33
Fire										
Emergency responses	443	406	440	440	528	522	907	932	1,058	1,225
Fires extinguished	34	33	33	33	29	41	26	15	23	25
Inspections	81	138	145	33	128	144	203	251	240	234
Refuse collection										
Refuse collected (tons per year)	3,093	3,976	3,795	3,900	4,041	3,943	3,794	2,810	4,345	3,733
Bulky waste (tons per year)	1,098	1,100	1,229	1,350	1,112	1,078	944	823	975	1,045
Recycling (tons per year)	-	-	-	-	-	-	-	-	-	490
Other public works (miles)										
Street resurfacing	9	10	11	12	12	9	8	8	8	4
Paved surface	-	-	-	1	-	-	1	-	-	1
Crack sealing	4	-	-	-	-	-	-	3	3	6
Library										
Volumes in collection	44,927	45,991	46,674	48,324	56,930	57,218	54,605	51,305	53,698	56,139
Total volumes circulated	60,115	58,880	57,587	62,505	57,632	81,639	53,680	59,155	60,085	60,468
Water										
New connections	1	4	5	7	18	23	13	4	1	-
New well permits	41	34	15	34	16	19	15	9	13	7
Wastewater										
New septic permits	77	70	57	64	46	53	47	38	28	49
New sewer connections	-	1	1	1	25	17	11	14	2	2
Average yearly sewage treatment (thousands of gallons)/day	46	40	50	45	40	38	41	38	39	31
Transit (senior bus)										
Total route miles	7,000	28,000	24,189	21,500	24,000	25,732	24,732	21,200	28,596	25,486
Passengers	2,284	2,287	2,262	1,784	1,896	1,805	1,218	2,405	3,405	4,136

Source: Various Town departments.

Table 15

**TOWN OF SOMERS, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

(Unaudited)

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	6	6	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	83.9	83.9	83.9	84.9	85.0	84.0	84.0	87.0	89.3	89
Highways (miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	8
Streetlights	3	3	3	3	3	3	3	3	30	450
Traffic signals	4	4	4	5	5	5	5	5	5	5
Parks and recreation										
Acreage	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	59
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	7	9	9	9	9	9	9	9	9	9
Soccer/football fields	8	9	9	9	9	9	9	9	9	10
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	4.8 †	5
Fire hydrants	82	82	82	82	82	116	116	116	193	195
Storage capacity (thousands of gallons)	345	345	345	345	345	345	345	345	- †	-
Wastewater										
Sanitary sewers (miles)	4.1	4.1	4.1	4.1	4.1	4.3	4.3	4.3	4.3	4
Storm sewers (miles)	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41
Treatment capacity (thousands of gallons)	65	65	65	65	65	100	100	100	100	100
Transit-minibuses	1	1	1	2	2	2	2	2	2	2

† Per contract termination water system sold to Hazardville Water Company

Source: Various Town departments.