

**TOWN OF SOMERS,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2013**

**TOWN OF SOMERS,
CONNECTICUT**



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Financial Report**

**For The Year Ended
June 30, 2013**

Prepared by:

Finance & Treasury Department

**TOWN OF SOMERS, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

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TOWN OF SOMERS

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

January 30, 2014

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 ("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 the comprehensive annual financial report of the Town of Somers, Connecticut (the "Town") for the fiscal year ended June 30, 2013.

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 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 Mahoney Sabol & Company LLP, a firm of licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance that the basic financial statements of the Town as of and for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the Town's basic financial statements as of and for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. 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.

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 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, 2013 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 provide 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 Treasurer's Office from documentation provided by the State of CT 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 CT Dept. of Labor lists the June 2013 unemployment rate at 8.0% (not seasonally adjusted) which is slightly lower than the state unemployment rate of 8.1%. 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 saw a 15% decrease in building permits compared to the prior fiscal year although the overall valuation of the construction activity was significantly higher.

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, the Cooperative Liquid Assets Security Systems Fund, which is an investment pool managed by MBIA Municipal Investors Services Corp and contains U.S Treasury Securities, repurchase agreements, U.S. Government agency notes, U.S. Government agency securities and money market investment accounts that produce high yields and daily liquidity similar to the State Treasurer's Short-Term Investment Fund, and competitive bank certificates of deposits with maturity dates ranging from 120-180 days.

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 Connecticut Interlocal Risk Management Agency (CIRMA), a not-for-profit association of Connecticut municipalities, school districts and local public agencies. To provide worker's compensation coverage, the Town participates in a worker's compensation management program.

The blizzard of February 2013 (Storm "Nemo" or "Charlotte" in Connecticut) delivered heavy snow falls and severely impacted the area. FEMA disaster number DR-4106 approved the public assistance reimbursement of 75% for costs incurred by the Town of Somers for this snowstorm disaster.

Major Initiatives

The Town continued to deal with the aftermath of the 2012 fire that destroyed the old Somersville Mill. To that end, remediation work in the area was undertaken to relocate sanitary sewer mains to prevent discharge into the nearby Scantic River. Related work also included improved storm drainage and road repairs including the realignment of the intersection of Maple Street and School Street.

Additionally, the Town also completed the reconstruction of the Town Hall parking lot by way of a state grant for local capital improvements and a state Small Town Economic Assistance Program (STEAP). This project also included lighting and safety improvements, improved access, and drainage remediation at the adjacent town athletic field.

The Town also completed the first phase of its Geographic Information System (GIS). This important system will assist with plotting valuation trends for properties by integrating with our existing computer assisted mass appraisal system. The system also assists with emergency response as well as environmental projects and concerns. It is expected that the second phase, which makes data available to the public online, will be deployed in fiscal year 2013-14.

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, 2012. 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 also goes to our auditors, Mahoney Sabol & Company, LLP for their expertise, professionalism, and assistance in the preparation of this report.

Sincerely,



Michael D. Marinaccio
Interim Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

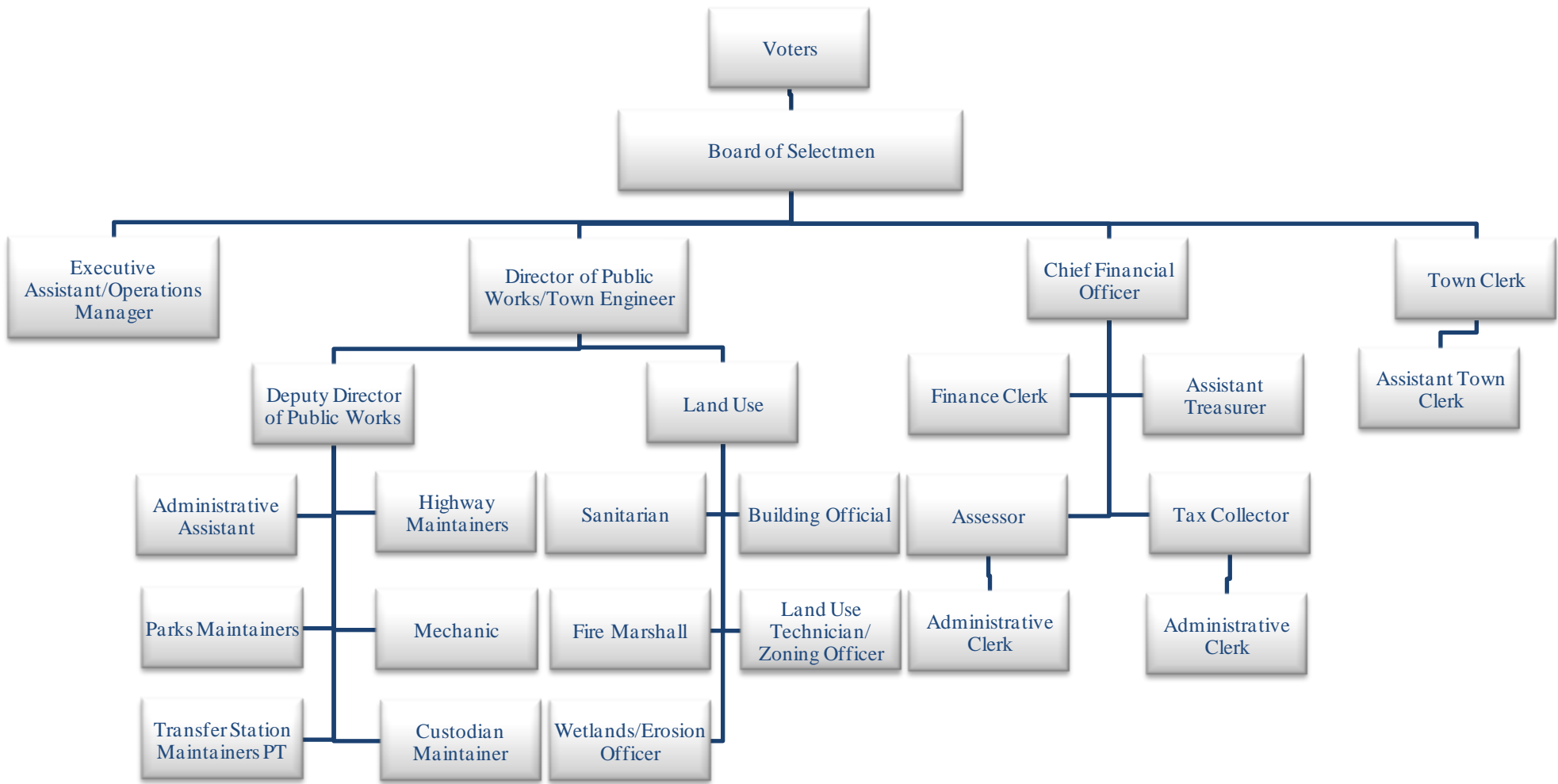
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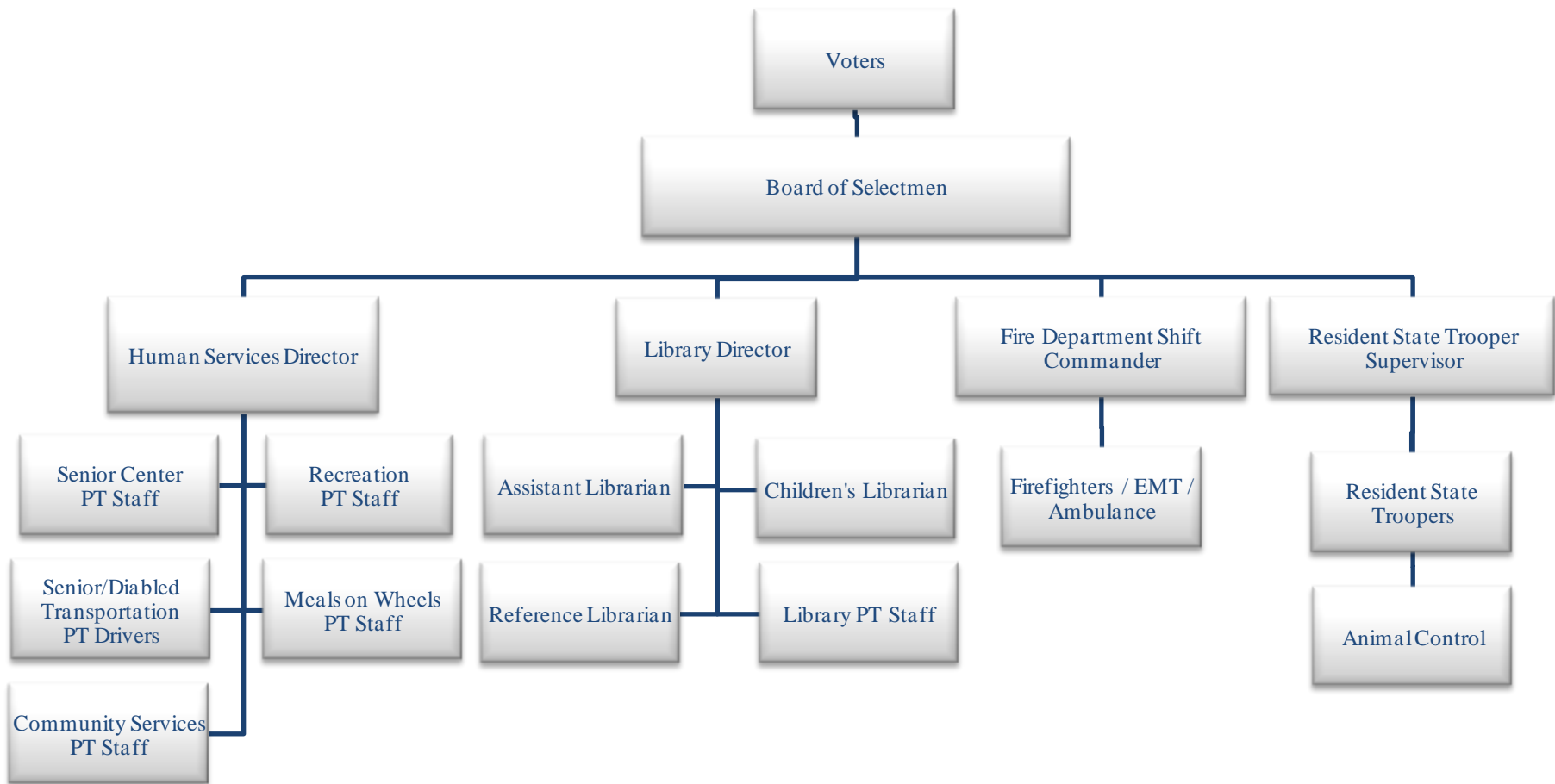
**Town of Somers
Connecticut**

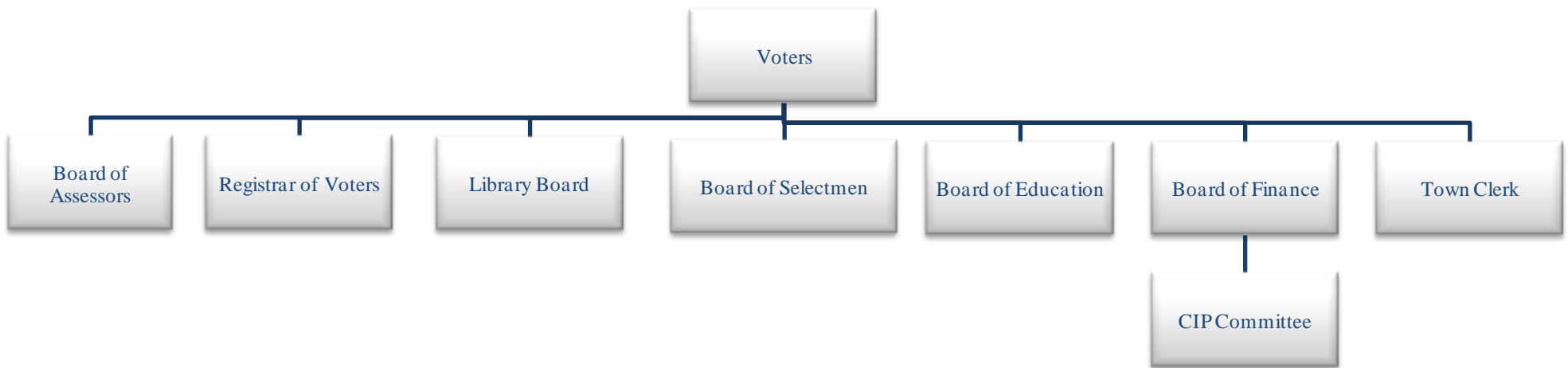
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO







**TOWN OF SOMERS, CONNECTICUT
PRINCIPAL TOWN OFFICIALS – CURRENT**

TOWN MEETING – BOARD OF SELECTMEN FORM OF GOVERNMENT

BOARD OF SELECTMEN

Lisa Pellegrini, First Selectman
Kathleen A. Devlin, Selectman
Clyde G. “Bud” Knorr, Jr., Selectman

Assessor.....	Pat Juda
Building Official.....	John Collins
Chief Financial Officer.....	Glen O’Keefe
Chief of Police.....	Lisa Pelligrini
Collector of Taxes.....	Sherri Czyz
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.....	Steve Jacobs

BOARD OF EDUCATION

David Palmer, Chairman
Bruce Devlin, Vice Chairman
Rick Lees, Jr., Secretary
Sarah Moynihan Bollinger
Kate McLellan Michael
Marybeth Marquardt Joseph
Joan Formeister
Anne Kirkpatrick
Molly Rockett

BOAR

D OF FINANCE

James Persano, Chairman
Stephen Krasinski, Vice Chairman
Timothy Geib
Thomas Mazzoli
Parker
Tolisano

INTRODUCTORY SECTION

FINANCIAL SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Somers, Connecticut (the "Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Somers, Connecticut, as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules of funding progress on page 54 and the schedules of employer contributions on page 55 be presented to supplement the basic financial statements. Such information, although not a 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 we 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual 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 financial statements and schedules on pages 56 through 76 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such 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. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through ix and the statistical section on pages 77 through 93 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
January 30, 2014

Management's Discussion and Analysis

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013

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, 2013. 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 and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$46,136,011 (net position). Of this amount, \$5,666,268 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,519,732 during the year ended June 30, 2013.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,163,443, an increase of \$1,281,937 over the prior year. Approximately 93.2% of this total amount is unrestricted (committed, assigned or unassigned).
- At the end of the current fiscal year, fund balance for the General Fund was \$6,100,866, an increase of \$986,118 over the prior year.
- The Town's total long-term bonded debt decreased by \$1,095,000 or 8.0% during the current fiscal year due to the issuance of \$7,610,000 in general obligation refunding bonds, offset by the defeasance of \$7,220,000 of previously outstanding general obligation bonds and current year scheduled debt repayments of \$1,485,000.

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 position presents information on all of the Town's assets, deferred outflows of resources and liabilities, with the difference between these elements reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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)
JUNE 30, 2013

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)
JUNE 30, 2013**

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 a statistical section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

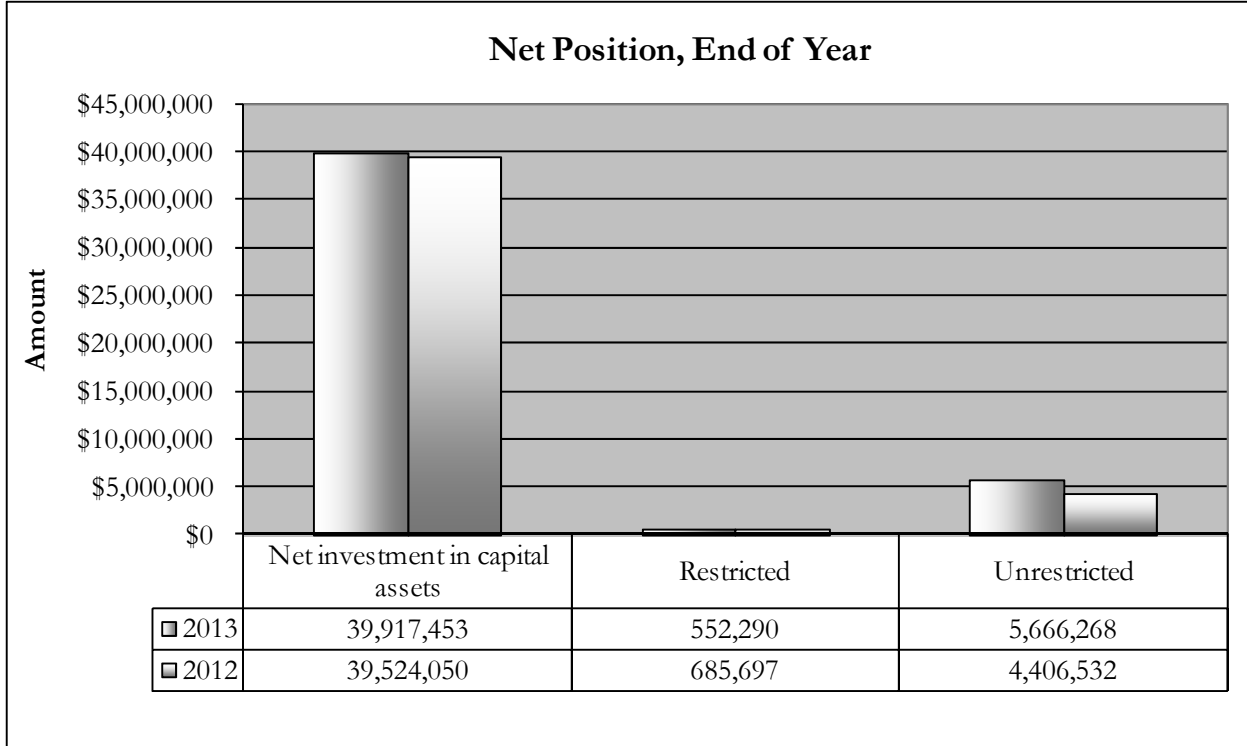
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$46,136,011 and \$44,616,279 (as restated for the implementation of *Governmental Accounting Standards Board Statement No. 65*) as of June 30, 2013 and 2012, respectively and is summarized as follows:

	<u>2013</u>	<u>2012</u> <i>(as restated)</i>
Current and other assets	\$ 11,783,567	\$ 11,385,482
Capital assets, net	<u>52,616,322</u>	<u>53,595,022</u>
Total assets	<u>64,399,889</u>	<u>64,980,504</u>
 Deferred outflows of resources	 <u>721,387</u>	 <u>98,024</u>
Current and other liabilities	1,976,941	2,874,894
Long-term liabilities	<u>17,008,324</u>	<u>17,587,355</u>
Total liabilities	<u>18,985,265</u>	<u>20,462,249</u>
 Net position:		
Net investment in capital assets	39,917,453	39,524,050
Restricted	552,290	685,697
Unrestricted	<u>5,666,268</u>	<u>4,406,532</u>
Total net position	<u>\$ 46,136,011</u>	<u>\$ 44,616,279</u>

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



86.5% of the Town's net position 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.

1.2% of the Town's net position is subject to external restrictions on how they may be used and are, therefore, presented as restricted.

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

Overall, net position increased by \$1,519,732, during the year ended June 30, 2013.

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

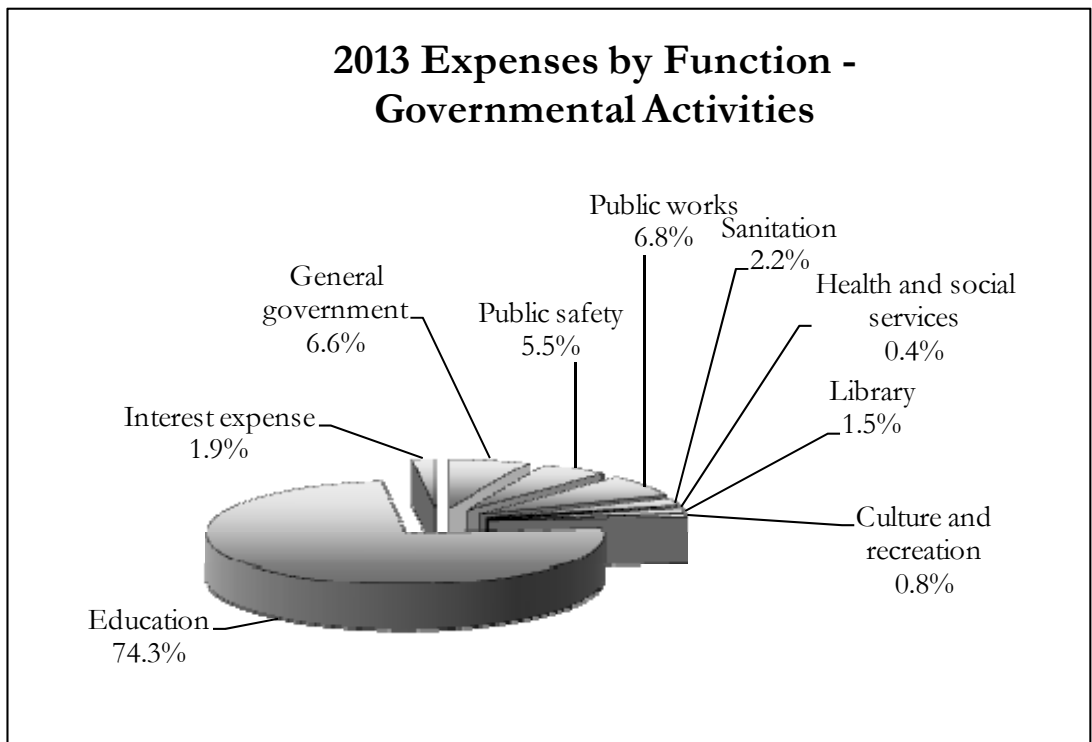
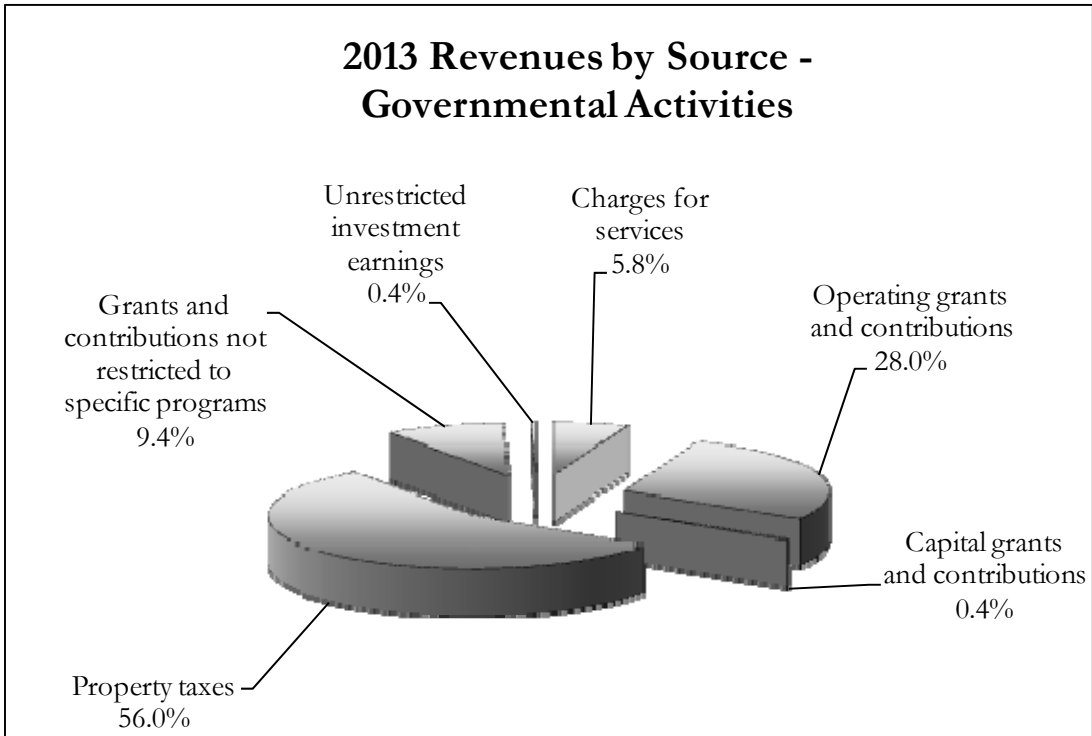
Changes in net position for the years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,991,258	\$ 1,736,103
Operating grants and contributions	9,546,817	10,797,450
Capital grants and contributions	134,708	736,754
General revenues:		
Property taxes	19,129,203	18,015,130
Grants and contributions not restricted to specific programs	3,193,542	2,990,206
Unrestricted investment earnings	124,247	85,117
Total revenues	<u>34,119,775</u>	<u>34,360,760</u>
 Program expenses		
General government	2,157,177	1,847,141
Public safety	1,780,489	1,737,616
Public works	2,225,255	3,593,895
Sanitation	713,943	815,396
Health and social services	144,374	159,253
Library	482,812	485,491
Culture and recreation	264,883	234,757
Education	24,225,731	24,187,619
Interest expense	605,379	600,495
Total expenses	<u>32,600,043</u>	<u>33,661,663</u>
 Change in net position	<u>\$ 1,519,732</u>	<u>\$ 699,097</u>

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*

Governmental activities increased the Town's net position by \$1,519,732.

- Operating grants and public works expenses were higher in the prior year due to storm related clean-up cost incurred by the Town that were reimbursed by the Federal Emergency Management Agency.
- Capital grants were higher in the prior year due to the timing of projects funded by the Town's Small Town Economic Assistance Programs.
- Property tax revenues increased by 6.2% over the prior year primarily due to an increase of 4.5% in the Town's mill rate.

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 \$9,163,443, an increase of \$1,281,937 over the prior year. Approximately 93.2% 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 \$6,100,866. Of this amount, \$4,878,614 represents unassigned fund balance that may be appropriated for future spending.

The fund balance of the Town's General Fund increased by \$986,118 during the current fiscal year.

At the close of the current fiscal year, unassigned fund balance of the General Fund was \$4,878,614 or 15.7% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.9 months of General Fund operating expenditures and other financing uses.

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget for 2013 did not contemplate the utilization of fund balance to cover the excess of budgeted expenses over budgeted revenues. The actual increase in fund balance of the General Fund on a budgetary basis was \$869,153. Expenditures were \$138,164 less than budgeted and revenues were \$647,142 higher than budgeted, primarily due to greater than expected collections from property tax and higher than expected building permits. Other financing sources were \$83,847 higher than expected, primarily due to the cash generated from the current year bond refunding.

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, 2013 and 2012 totaled \$52,616,322 and \$53,595,022, 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 \$978,700.

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

- depreciation and amortization of capital assets in the amount of \$1,731,497,
- the purchase of a pickup truck and a mower in the amount of \$76,988 for the benefit of the Town's Public Works and Education departments,
- costs incurred of \$121,056 in connection with Phase II of the Somersville Streetscape Project,
- the purchase of computer and related technical equipment in the amount of \$74,055 for the benefit of the Education department, and
- costs incurred of \$348,564 in connection with the repair of the Maple Street bridge.

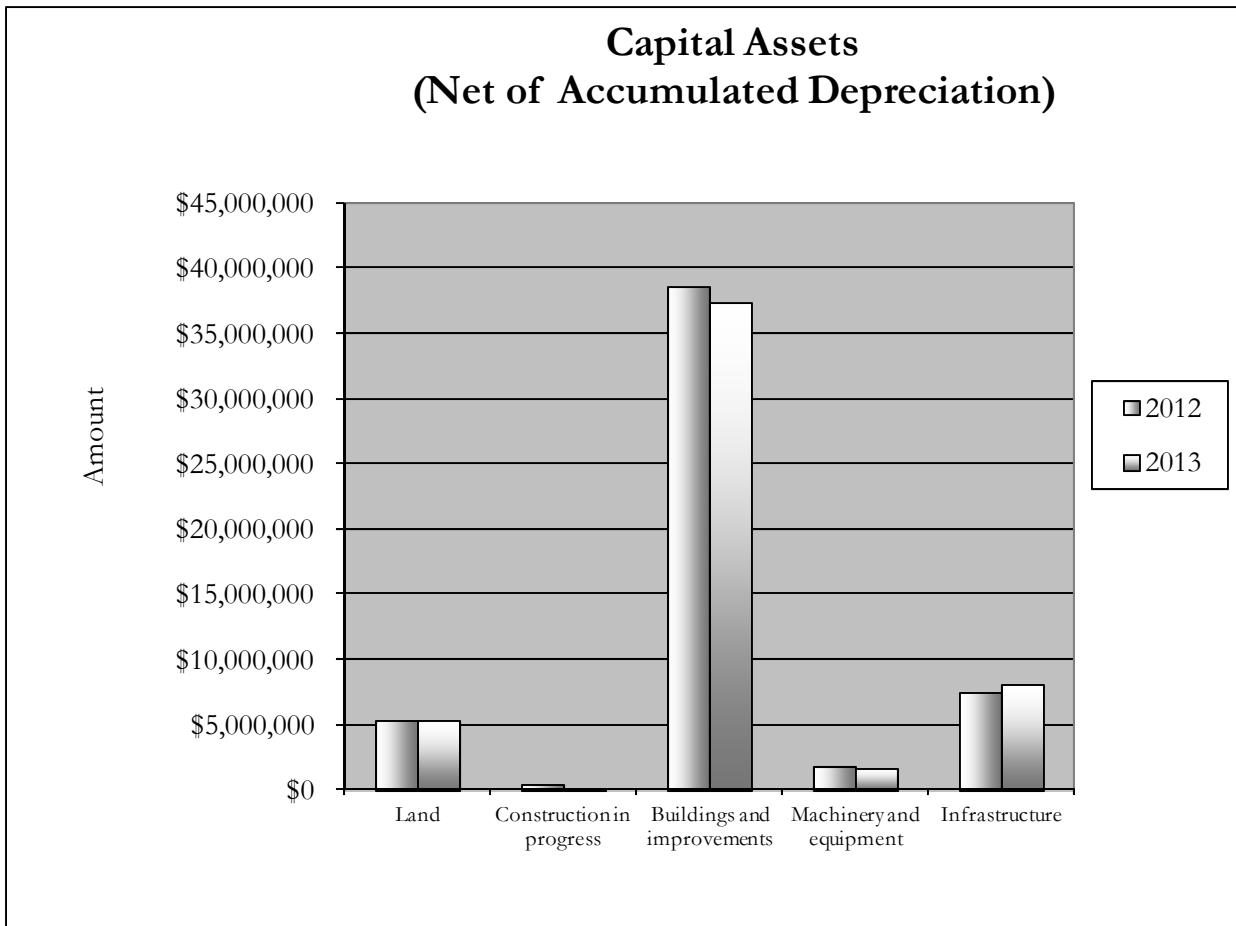
**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

	2013	2012
Land	\$ 5,336,758	\$ 5,336,758
Construction in progress	146,743	474,014
Buildings and improvements	37,423,883	38,535,560
Machinery and equipment	1,666,721	1,759,091
Infrastructure	8,042,217	7,489,599
Totals	<u>\$ 52,616,322</u>	<u>\$ 53,595,022</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)
JUNE 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

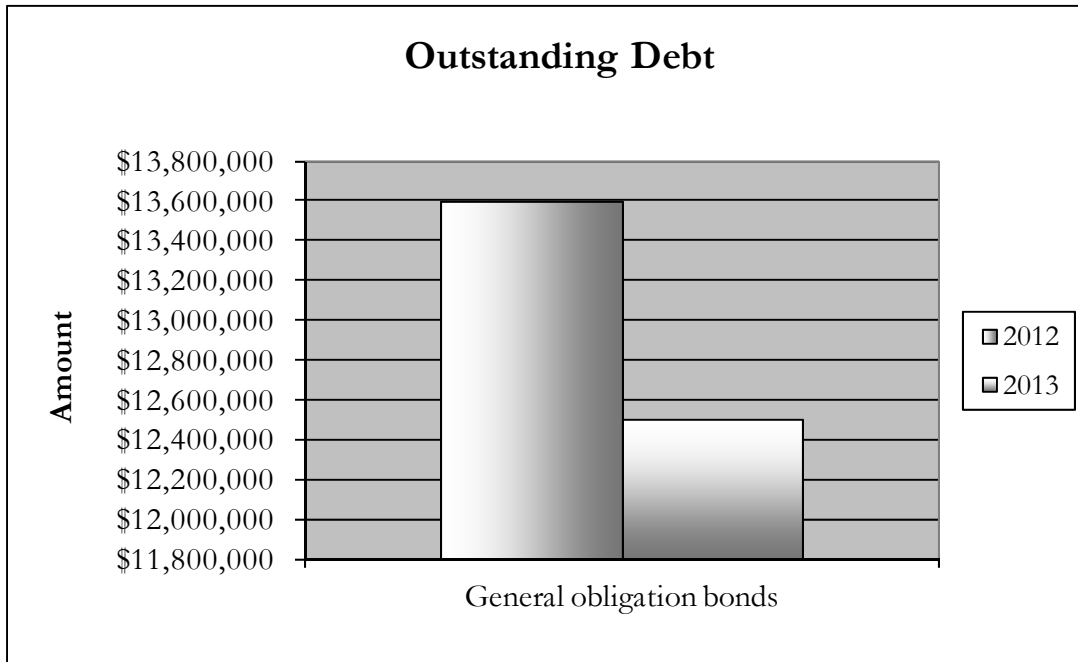
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$12,500,000. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total long-term bonded debt decreased by \$1,095,000 or 8.0% during the current fiscal year due to the issuance of \$7,610,000 in general obligation refunding bonds, offset by the defeasance of \$7,220,000 of previously outstanding general obligation bonds and current year scheduled debt repayments of \$1,485,000. 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:

	2013	2012
General obligation bonds	\$ 12,500,000	\$ 13,595,000



Additional information on the Town's long-term debt can be found in Note 7 to the basic financial statements.

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2013**

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 2014, 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 2014.

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 POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,606,076
Investments	1,076,230
Receivables:	
Property taxes, net of allowance for uncollectibles of \$46,000	356,503
Interest and lien fees, net of allowance for uncollectibles of \$24,000	121,801
Assessments and user charges	97,940
Grants and contracts	351,371
Other	51,780
Net pension asset	121,866
Capital assets:	
Non-depreciable	5,483,501
Depreciable, net	47,132,821
Total assets	64,399,889
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refundings	721,387
 LIABILITIES	
Accounts payable	1,379,209
Accrued liabilities:	
Salaries and benefits payable	227,869
Accrued interest	183,187
Unearned revenue	186,676
Noncurrent liabilities:	
Due within one year	1,756,510
Due in more than one year	15,251,814
Total liabilities	18,985,265
 NET POSITION	
Net investment in capital assets	39,917,453
Restricted for Library:	
Expendable	477,290
Nonexpendable	75,000
Unrestricted	5,666,268
Total net position	\$ 46,136,011

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

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net Position</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
General government	\$ 2,157,177	\$ 926,179	\$ 8,147	\$ -	\$ (1,222,851)
Public safety	1,780,489	282,149	34,411	-	(1,463,929)
Public works	2,225,255	-	275,361	134,708	(1,815,186)
Sanitation	713,943	181,864	-	-	(532,079)
Health and social services	144,374	63,045	-	-	(81,329)
Library	482,812	16,873	3,312	-	(462,627)
Culture and recreation	264,883	123,409	-	-	(141,474)
Education	24,225,731	397,739	9,225,586	-	(14,602,406)
Interest expense	605,379	-	-	-	(605,379)
Total governmental activities	<u>\$ 32,600,043</u>	<u>\$ 1,991,258</u>	<u>\$ 9,546,817</u>	<u>\$ 134,708</u>	<u>(20,927,260)</u>
General revenues:					
Property taxes, levied for general purposes					19,129,203
Grants and contributions not restricted to specific programs					3,193,542
Unrestricted investment earnings					124,247
Total general revenues					<u>22,446,992</u>
Change in net position					1,519,732
Net position - beginning, as originally reported					44,636,389
Adjustment (see Note 11)					(20,110)
Net position - beginning, as adjusted					<u>44,616,279</u>
Net position - ending					<u>\$ 46,136,011</u>

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

TOWN OF SOMERS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,541,024	\$ 2,065,052	\$ 9,606,076
Investments	-	1,076,230	1,076,230
Receivables:			
Property taxes, net of allowance for uncollectibles of \$46,000	356,503	-	356,503
Interest and lien fees, net of allowance for uncollectibles of \$24,000	121,801	-	121,801
Assessments and user charges	-	97,940	97,940
Grants and contracts	164,610	23,945	188,555
Other	1,761	50,019	51,780
Due from other funds	507,825	633,294	1,141,119
Advances to other funds	74,786	-	74,786
Total assets	\$ 8,768,310	\$ 3,946,480	\$ 12,714,790
LIABILITIES			
Accounts payable	\$ 1,309,477	\$ 69,732	\$ 1,379,209
Salaries and benefits payable	227,869	-	227,869
Due to other funds	633,294	507,825	1,141,119
Unearned revenue	103,075	83,601	186,676
Advances from other fund	-	74,786	74,786
Total liabilities	2,273,715	735,944	3,009,659
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	393,729	147,959	541,688
FUND BALANCES			
Nonspendable	74,786	75,000	149,786
Restricted	-	477,290	477,290
Committed	900,737	2,645,183	3,545,920
Assigned	246,729	-	246,729
Unassigned	4,878,614	(134,896)	4,743,718
Total fund balances	6,100,866	3,062,577	9,163,443
Total liabilities, deferred inflows of resources and fund balances	\$ 8,768,310	\$ 3,946,480	\$ 12,714,790

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 POSITION
JUNE 30, 2013

Total fund balances for governmental funds	\$	9,163,443
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		52,616,322
School construction grants receivable from the State of Connecticut are not susceptible to accrual and, therefore, are not reported in the governmental funds.		162,816
Deferred charge on refundings are not recognized 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 position.		721,387
The pension assets resulting from contributions in excess of the annual required contributions are not financial resources and, therefore, are not reported in the funds.		121,866
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 inflows of resources in the governmental funds.		541,688
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 position. Those liabilities consist of:		
Long-term debt:		
Bonds payable	\$	(12,500,000)
Premium on bonds payable		(456,060)
Obligations under capital lease		(464,196)
Accrued interest payable		(183,187)
Other long-term liabilities:		
Compensated absences		(1,229,202)
Landfill postclosure care costs		(168,000)
Net pension obligation		(26,072)
Net OPEB obligation		(2,164,794)
Total long-term liabilities		<u>(17,191,511)</u>
Net position of governmental activities	\$	<u><u>46,136,011</u></u>

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 19,088,274	\$ -	\$ 19,088,274
Assessments and user charges	-	101,923	101,923
Intergovernmental	12,300,540	755,902	13,056,442
Charges for services	1,040,478	706,129	1,746,607
Investment income	12,142	112,105	124,247
Miscellaneous	-	123,225	123,225
Total revenues	<u>32,441,434</u>	<u>1,799,284</u>	<u>34,240,718</u>
EXPENDITURES			
Current:			
General government	2,178,400	8,116	2,186,516
Public safety	1,405,096	76,121	1,481,217
Public works	1,749,382	59,238	1,808,620
Sanitation	488,799	81,422	570,221
Health and social services	61,397	73,488	134,885
Library	433,389	23,891	457,280
Culture and recreation	222,916	24,869	247,785
Education	22,526,248	806,883	23,333,131
Debt service:			
Principal payments	1,485,000	109,800	1,594,800
Interest and fiscal charges	581,897	11,761	593,658
Capital outlays	-	748,455	748,455
Total expenditures	<u>31,132,524</u>	<u>2,024,044</u>	<u>33,156,568</u>
Excess (deficiency) of revenues over expenditures	1,308,910	(224,760)	1,084,150
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of refunding bonds	7,610,000	-	7,610,000
Premium on issuance of refunding bonds	462,953	-	462,953
Payment to escrow agent	(7,875,166)	-	(7,875,166)
Transfers in	175,000	929,768	1,104,768
Transfers out	(695,579)	(409,189)	(1,104,768)
Total other financing sources (uses)	<u>(322,792)</u>	<u>520,579</u>	<u>197,787</u>
Net change in fund balances	986,118	295,819	1,281,937
Fund balances - beginning	<u>5,114,748</u>	<u>2,766,758</u>	<u>7,881,506</u>
Fund balances - ending	<u>\$ 6,100,866</u>	<u>\$ 3,062,577</u>	<u>\$ 9,163,443</u>

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, 2013**

Net change in fund balances for governmental funds \$ 1,281,937

Total change in net position 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	\$ 752,797	
Depreciation and amortization expense	<u>(1,731,497)</u>	
Net adjustment		(978,700)

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 position. The net effect of these repayments in the treatment of long-term debt is as follows:

Debt issued or incurred:		
Bonds payable	(7,610,000)	
Principal repayments:		
Bonds payable	8,705,000	
Obligations under capital lease	<u>109,800</u>	
Net adjustment		1,204,800

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows of resources 60,432

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, 2013

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 position. \$ (181,375)

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 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	\$	111,565	
Accrued interest		13,168	
Deferred charges on refundings		655,166	
Amortization of deferred charge on refundings		(31,803)	
Premium on bonds payable		(462,953)	
Amortization of bond premium		6,893	
Landfill postclosure care costs		14,000	
Net pension asset		121,876	
Net pension obligation		(2,493)	
Net OPEB obligation		(292,781)	
		132,638	
Change in net position of governmental activities	\$	1,519,732	

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

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, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 18,775,984	\$ 18,775,984	\$ 19,088,274	\$ 312,290
Intergovernmental	9,552,091	9,574,596	9,608,039	33,443
Charges for services	713,126	736,611	1,050,878	314,267
Investment earnings	25,000	25,000	12,142	(12,858)
Total revenues	<u>29,066,201</u>	<u>29,112,191</u>	<u>29,759,333</u>	<u>647,142</u>
EXPENDITURES				
Current:				
General government	2,140,065	2,110,437	2,035,852	(74,585)
Public safety	1,342,597	1,364,386	1,357,865	(6,521)
Public works	1,877,201	1,948,053	1,926,487	(21,566)
Sanitation	564,593	573,312	571,221	(2,091)
Health and social services	78,581	61,475	61,397	(78)
Library	430,157	434,135	433,389	(746)
Culture and recreation	216,951	232,065	222,916	(9,149)
Education	19,827,174	19,827,174	19,803,747	(23,427)
Miscellaneous	32,500	58,196	58,196	-
Debt service	2,006,382	1,952,958	1,952,957	(1)
Total expenditures	<u>28,516,201</u>	<u>28,562,191</u>	<u>28,424,027</u>	<u>(138,164)</u>
Excess of revenues over expenditures	550,000	550,000	1,335,306	785,306
OTHER FINANCING SOURCES (USES)				
Premium on issuance of refunding bonds	-	-	83,847	83,847
Transfers in	175,000	175,000	175,000	-
Transfers out	(725,000)	(725,000)	(725,000)	-
Total other financing sources (uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(466,153)</u>	<u>83,847</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	869,153	<u>\$ 869,153</u>
Fund balance - beginning			<u>4,831,884</u>	
Fund balance - ending			<u>\$ 5,701,037</u>	

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 397,265	\$ 210,433
Investments:		
Corporate bonds	1,237,188	-
Preferred stocks	183,707	-
Mutual funds	1,111,915	-
Common stocks	2,527,059	-
Contributions receivable	208,949	-
Total assets	<u>5,666,083</u>	<u>\$ 210,433</u>
LIABILITIES		
Benefits payable	12,304	-
Due to others	<u>-</u>	<u>210,433</u>
Total liabilities	<u>12,304</u>	<u>\$ 210,433</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 5,653,779</u>	

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 399,689
Plan members	98,625
Total contributions	498,314
Investment earnings:	
Interest and dividends	138,943
Net appreciation in the fair value of investments, net of investment fees	257,274
Total investment earnings, net	396,217
Total additions	894,531
DEDUCTIONS	
Benefit payments	179,450
Administrative expenses	10,401
Total deductions	189,851
Change in net position	704,680
Net position - beginning	4,949,099
Net position - ending	\$ 5,653,779

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net position 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, 2013

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, 2013

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 funds have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

ADOPTION OF NEW ACCOUNTING STANDARDS

The Town has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2012. GASB Statement No. 63 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 resulted in the reclassification of certain financial statement line items on the governmental funds balance sheet.

ASSETS, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION/FUND BALANCE

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

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

ASSETS, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION/FUND BALANCE *(Continued)*

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 pool 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.

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

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

ASSETS, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION/FUND BALANCE *(Continued)*

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

Unearned Revenue

Unearned revenue represents resources that have been received but not yet earned.

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 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 expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

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

ASSETS, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION/FUND BALANCE *(Continued)*

Deferred Inflows/Outflows of Resources

Deferred inflows/outflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refundings reported in the government-wide statement of net position. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Equity

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

Net investment in capital assets - 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 - This category of net position consists of amounts 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 - This category of net position consists of amounts which do not meet the definition of the two preceding categories.

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 (passing of a resolution).

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

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

ASSETS, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, LIABILITIES AND NET POSITION/FUND BALANCE *(Continued)*

Net Position/Fund Equity *(Continued)*

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 position 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.

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

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

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.
- Formal budgetary integration is employed as a management control device during the year.
- 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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

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

BUDGETARY INFORMATION (Continued)

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, 2013:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other Financing</u> <u>Sources (Uses)</u>	<u>Net Change</u> <u>In Fund</u> <u>Balance</u>
Budgetary basis	\$ 29,759,333	\$ 28,424,027	\$ (466,153)	\$ 869,153
"On-behalf" payments -				
State Teachers Retirement				
Fund	2,147,930	2,147,930	-	-
Intergovernmental grants				
netted with expenses	544,571	544,571	-	-
Reclassification of amounts recorded				
as revenues and expenditures for				
budgetary purposes	(10,400)	83,361	83,361	(10,400)
Perspective differences:				
Reserve for Revaluation Fund	-	-	60,000	60,000
Encumbrances outstanding:				
June 30, 2012	-	179,364	-	(179,364)
June 30, 2013	-	(246,729)	-	246,729
GAAP basis	<u>\$ 32,441,434</u>	<u>\$ 31,132,524</u>	<u>\$ (322,792)</u>	<u>\$ 986,118</u>

DEFICIT FUND EQUITY

The Dog Fund and the School Construction Fund, both of which are nonmajor funds, have deficit fund balances as of June 30, 2013 of \$1,984 and \$132,912, 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, 2013

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, 2013, the carrying amount of the Town's cash deposits was \$4,544,316. As of June 30, 2013, \$4,790,180 of the Town's bank balance of \$5,492,750 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,311,162
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	479,018
	\$ 4,790,180

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, 2013 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 9,606,076
Less: cash equivalents considered investments for disclosure purposes	(5,272,193)
	4,333,883
Statement of fiduciary net position:	
Cash and cash equivalents	607,698
Less: cash equivalents considered investments for disclosure purposes	(397,265)
	210,433
	\$ 4,544,316

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2013, 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:					
Short Term Investment Fund (STIF)	\$ 4,580,059	\$ 4,580,059	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security System (CLASS)	526,323	526,323	-	-	-
Money market mutual funds	563,076	563,076	-	-	-
U.S. Government securities	25,024	-	25,024	-	-
Corporate bonds	1,262,685	56,284	307,957	693,609	204,835
Preferred stocks	183,707	-	116,347	304	67,056
	<u>7,140,874</u>	<u>\$ 5,725,742</u>	<u>\$ 449,328</u>	<u>\$ 693,913</u>	<u>\$ 271,891</u>
Other investments:					
Common stocks	2,771,713				
Mutual funds	1,892,970				
	<u>\$ 11,805,557</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, 2013 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,076,230
Add: cash equivalents considered investments for disclosure purposes	<u>5,272,193</u>
	<u>6,348,423</u>
Statement of fiduciary net position:	
Investments	5,059,869
Add: cash equivalents considered investments for disclosure purposes	<u>397,265</u>
	<u>5,457,134</u>
	<u>\$ 11,805,557</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, 2013

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, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>Unrated</u>
Debt Securities:								
Short Term Investment Fund (STIF)	\$ 4,580,059	\$4,580,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security System (CLASS)	526,323	-	-	-	526,323	-	-	-
Money market mutual funds	563,076	-	-	-	-	-	-	563,076
Corporate bonds	1,262,685	71,402	110,791	398,140	678,107	4,245	-	-
Preferred stocks	183,707	-	6,684	17,283	118,313	38,498	2,929	-

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, 2013. 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, 2013

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 5,336,758	\$ -	\$ -	\$ 5,336,758
Construction in progress	474,014	181,217	(508,488)	146,743
Total capital assets, not being depreciated	<u>5,810,772</u>	<u>181,217</u>	<u>(508,488)</u>	<u>5,483,501</u>
Capital assets, being depreciated:				
Buildings and improvements	60,539,525	19,236	-	60,558,761
Machinery and equipment	6,708,686	194,333	-	6,903,019
Infrastructure	14,957,233	866,499	-	15,823,732
Total capital assets, being depreciated	<u>82,205,444</u>	<u>1,080,068</u>	<u>-</u>	<u>83,285,512</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(22,003,965)	(1,130,913)	-	(23,134,878)
Machinery and equipment	(4,949,595)	(286,703)	-	(5,236,298)
Infrastructure	(7,467,634)	(313,881)	-	(7,781,515)
Total accumulated depreciation and amortization	<u>(34,421,194)</u>	<u>(1,731,497)</u>	<u>-</u>	<u>(36,152,691)</u>
Total capital assets, being depreciated, net	<u>47,784,250</u>	<u>(651,429)</u>	<u>-</u>	<u>47,132,821</u>
Governmental activities capital assets, net	<u>\$ 53,595,022</u>	<u>\$ (470,212)</u>	<u>\$ (508,488)</u>	<u>\$ 52,616,322</u>

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

Governmental activities:	
General government	\$ 80,886
Public safety	256,905
Public works	373,023
Sanitation	157,722
Health and social services	9,489
Library	25,532
Culture and recreation	17,098
Education	810,842
Total depreciation and amortization expense	<u>\$ 1,731,497</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 507,825
Nonmajor Governmental Funds	General Fund	633,294
		<u>\$ 1,141,119</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 \$33,100 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 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 175,000
Nonmajor Governmental Funds	General Fund	695,579
	Nonmajor Governmental Funds	234,189
		<u>929,768</u>
		<u>\$ 1,104,768</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, 2013

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	<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	\$ 13,595,000	\$ 7,610,000	\$ (8,705,000)	\$ 12,500,000	\$ 1,360,000
Unamortized amounts:					
Premium on bonds issued	-	462,953	(6,893)	456,060	-
Total bonds payable	13,595,000	8,072,953	(8,711,893)	12,956,060	1,360,000
Other liabilities:					
Capital leases	573,996	-	(109,800)	464,196	79,865
Compensated absences	1,340,767	-	(111,565)	1,229,202	302,645
Landfill post closure care liability	182,000	-	(14,000)	168,000	14,000
Net pension obligation	23,579	2,493	-	26,072	-
Net OPEB obligation	1,872,013	292,781	-	2,164,794	-
	<u>\$ 17,587,355</u>	<u>\$ 8,368,227</u>	<u>\$ (8,947,258)</u>	<u>\$ 17,008,324</u>	<u>\$ 1,756,510</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, 2013 was \$181,375 and \$8,231, respectively. Final reimbursements of principal and interest in the amounts of \$162,816 and \$2,661, respectively, are expected to be received during the year ended June 30, 2014.

DEBT REFUNDING

During the year ended June 30, 2013, the Town issued \$7,610,000 in general obligation refunding bonds with interest rates ranging between 2.00% and 3.00%. The Town issued the bonds to advance refund certain maturities of the Town's 2004 (\$3,360,000 principal amount refunded) and 2007 (\$3,860,000 principal amount refunded) general obligation bonds with interest rates ranging from 3.40% and 4.25%. The Town used the net proceeds to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the portion of the refunded bonds is considered defeased and the Town has removed the liability from its financial statements. The outstanding principal of the defeased bonds totaled \$7,220,000 as of June 30, 2013. The Town advance refunded the bonds to reduce its total debt service payments over the next 15 years by \$537,396 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$490,766.

The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in a deferred charge on refunding in the amount of \$655,166. This amount has been presented as a deferred outflow of resources in the government-wide financial statements and is being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$31,803 for the year ended June 30, 2013.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 7 - LONG-TERM LIABILITIES (Continued)

STATUTORY DEBT LIMITATION

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2013

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2013 is as follows:

<u>Purpose of Bonds</u>	<u>Year of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
General obligation bonds	1993	\$ 5,000,000	4.10% - 5.60%	11/2013	\$ 230,000
General obligation bonds	2002	6,375,000	3.00% - 5.00%	8/2013	75,000
General obligation refunding bonds	2005	5,700,000	3.77%	7/2020	3,265,000
General obligation bonds	2007	7,100,000	4.00% - 5.00%	8/2016	1,440,000
General obligation refunding bonds	2012	7,610,000	2.00% - 3.00%	8/2027	7,490,000
					<u>\$ 12,500,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2013:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,360,000	\$ 365,694	\$ 1,725,694
2015	1,045,000	322,307	1,367,307
2016	1,040,000	283,679	1,323,679
2017	1,025,000	242,308	1,267,308
2018	1,020,000	204,895	1,224,895
2019 - 2023	4,675,000	533,492	5,208,492
2024 - 2028	2,335,000	109,706	2,444,706
	<u>\$ 12,500,000</u>	<u>\$ 2,062,081</u>	<u>\$ 14,562,081</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 7 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets under capital lease as of June 30, 2013 is as follows:

	Governmental Activities
Machinery and equipment	\$ 796,406
Less: accumulated amortization	148,481
	\$ 647,925

Amortization expense relative to leased property under capital leases as of June 30, 2013 totaled \$58,343 for the year ended June 30, 2013 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, 2013 are as follows:

Year ending June 30:	Governmental Activities
2014	\$ 89,943
2015	89,942
2016	53,597
2017	19,299
2018	19,299
Thereafter	265,364
Total minimum lease payments	537,444
Less: amount representing interest	73,248
Present value of minimum lease payments	\$ 464,196

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 12 years are estimated to be \$168,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 8 - FUND BALANCE

The Town has committed and assigned fund balance as of June 30, 2013 for the following purposes:

	Committed	Assigned
Other post-employment benefits	\$ 780,737	\$ -
Revaluation	120,000	-
Capital purposes	1,053,638	-
Sewer operations	374,850	-
Ambulance operations	309,768	-
Cemetery operations	696,647	-
Other purposes	210,280	-
Encumbrances	-	246,729
	\$ 3,545,920	\$ 246,729

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 9 - 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
	<u> </u>	<u> </u>	<u> </u>
Retirees and beneficiaries currently receiving benefits	-	22	35
Vested terminated employees	5	5	30
Active employees	26	51	10
	<u>31</u>	<u>78</u>	<u>75</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

NOTE 9 - 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, 2013

NOTE 9 - 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, 2013, employer contributions to the Town Plan represented approximately 19.1% of covered payroll.

For the year ended June 30, 2013, employer contributions to the Board of Education Plan represented approximately 18.4% 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) - Projected Unit Credit (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%
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, 2012	\$ 212,076	\$ 273,824	\$ 61,748	77.4%	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, 2013

NOTE 9 - 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, 2012
Actuarial cost method	Aggregate Actuarial Cost	Aggregate Actuarial Cost	Aggregate Actuarial Cost
Amortization method	*	*	*
Remaining amortization period	*	*	*
Asset valuation method	Fair Value	Fair Value	Fair Value
Actuarial assumptions:			
Investment rate of return	6.5%	7.0%	6.5%
Inflation rate	4.0%	4.0%	Not applicable
Projected salary increases	4.0%	4.0%	Not applicable

* 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 (Asset) Obligation
Town Plan			
2013	\$ 186,484	120%	\$ (121,866)
2012	172,305	141%	(85,069)
2011	185,971	108%	(14,810)
Board of Education Plan			
2013	\$ 265,949	99%	\$ 2,493
2012	193,405	100%	-
2011	226,289	98%	-
Firefighters' Plan			
2013	\$ 11,577	100%	\$ 23,579
2012	13,597	89%	23,579
2011	12,158	140%	22,140

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan			
2013	\$ 179,163	\$ 223,281	125%
2012	172,305	243,339	141%
2011	185,949	200,759	108%
2010	162,068	189,068	117%
2009	155,873	155,873	100%
2008	147,704	285,981	194%
Board of Education Plan			
2013	\$ 265,949	\$ 263,456	99%
2012	249,045	249,045	100%
2011	222,461	222,461	100%
2010	271,307	271,307	100%
2009	200,162	200,162	100%
2008	170,777	174,605	102%
Firefighters' Plan			
2013	\$ 11,577	\$ 11,577	100%
2012	12,158	12,158	100%
2011	12,158	16,963	140%
2010	15,180	11,005	72%
2009	15,180	15,180	100%
2008	10,618	10,618	100%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 9 - 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	\$ 179,163	\$ 265,949	\$ 11,577
Interest on net pension (asset) obligation	(5,531)	-	753
Adjustment to annual required contribution	12,852	-	(753)
Annual pension cost	186,484	265,949	11,577
Contributions made	223,281	263,456	11,577
Increase (decrease) in net pension (asset) obligation	(36,797)	2,493	-
Net pension (asset) obligation, beginning of year	(85,069)	-	23,579
Net pension (asset) obligation, end of year	<u>\$ (121,866)</u>	<u>\$ 2,493</u>	<u>\$ 23,579</u>

Plan Financial Statements

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
JUNE 30, 2013

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ASSETS				
Cash and cash equivalents	\$ 160,726	\$ 219,865	\$ 16,674	\$ 397,265
Investments:				
Corporate bonds	5,595	1,231,593	-	1,237,188
Preferred stocks	183,707	-	-	183,707
Mutual funds	84,540	774,280	253,095	1,111,915
Common stock	1,645,596	881,463	-	2,527,059
Contributions receivable	-	208,949	-	208,949
Total assets	<u>2,080,164</u>	<u>3,316,150</u>	<u>269,769</u>	<u>5,666,083</u>
LIABILITIES				
Benefits payable	-	-	12,304	12,304
Total liabilities	<u>-</u>	<u>-</u>	<u>12,304</u>	<u>12,304</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 2,080,164</u>	<u>\$ 3,316,150</u>	<u>\$ 257,465</u>	<u>\$ 5,653,779</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2013

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Financial Statements (Continued)

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ADDITIONS				
Contributions:				
Employer	\$ 179,163	\$ 208,949	\$ 11,577	\$ 399,689
Plan members	44,118	54,507	-	98,625
Total contributions	<u>223,281</u>	<u>263,456</u>	<u>11,577</u>	<u>498,314</u>
Investment earnings:				
Interest and dividends	46,530	85,738	6,675	138,943
Net appreciation in the fair value of investments, net of investment fees	181,502	36,331	39,441	257,274
Total investment earnings, net	<u>228,032</u>	<u>122,069</u>	<u>46,116</u>	<u>396,217</u>
Total additions	<u>451,313</u>	<u>385,525</u>	<u>57,693</u>	<u>894,531</u>
DEDUCTIONS				
Benefit payments	32,148	134,998	12,304	179,450
Administrative expenses	-	10,401	-	10,401
Total deductions	<u>32,148</u>	<u>145,399</u>	<u>12,304</u>	<u>189,851</u>
Change in net position	419,165	240,126	45,389	704,680
Net Position Held in Trust for Pension Benefits:				
Beginning	<u>1,660,999</u>	<u>3,076,024</u>	<u>212,076</u>	<u>4,949,099</u>
Ending	<u>\$ 2,080,164</u>	<u>\$ 3,316,150</u>	<u>\$ 257,465</u>	<u>\$ 5,653,779</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

NOTE 9 - 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, 2013, Town teachers contributed \$742,608 to the plan and covered payroll for the year was \$10,242,868.

The Town has reported "on-behalf" payments of \$2,147,930 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 10 - 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, 2013

NOTE 10 - 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	\$	451,088
Interest on net OPEB obligation		56,005
Adjustment to annual required contribution		(84,042)
Annual OPEB cost		423,051
Contributions made		130,270
Increase in net pension obligation		292,781
Net OPEB obligation, beginning of the year		1,872,013
Net OPEB obligation, end of the year	\$	2,164,794

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2012 and 2011 are as follows:

Year Ended June 30:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 423,051	30.8%	\$ 2,164,794
2012	418,569	31.0%	1,872,013
2011	419,023	30.9%	1,583,214

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 Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 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, 2013

NOTE 10 - 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:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	30 years, open
Asset valuation method:	Not applicable
Actuarial assumptions:	
Discount Rate	3%
Healthcare cost trend rate	10% initial 5% final

NOTE 11 - ADJUSTMENT

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2012. GASB Statement No. 63 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 resulted in the reclassification of certain financial statement line items on the statement of net position and balance sheet. In addition to reclassifications to these new categories, GASB No. 65 also resulted in a change in the accounting treatment for debt issuance costs.

Net position as of July 1, 2012 has been adjusted as follows:

	Governmental Activities
Net position - beginning, as originally reported	\$ 44,636,389
Adjust unamortized bond issuance costs	(20,110)
Net position - beginning, as adjusted	<u>\$ 44,616,279</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

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.

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. 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 - RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of the following standards will have on its financial statements.

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2013

NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

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.

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 will require 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 will also enhance 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 FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (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, 2012	\$ 212,076	\$ 273,824	\$ 61,748	77.4%	Not applicable	Not applicable
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%

See accompanying Independent Auditor's Report

TOWN OF SOMERS, CONNECTICUT
SCHEDULES OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
JUNE 30, 2013

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan			
2013	\$ 179,163	\$ 223,281	125%
2012	172,305	243,339	141%
2011	185,949	200,759	108%
2010	162,068	189,068	117%
2009	155,873	155,873	100%
2008	147,704	285,981	194%
Board of Education Plan			
2013	\$ 265,949	\$ 263,456	99%
2012	249,045	249,045	100%
2011	222,461	222,461	100%
2010	271,307	271,307	100%
2009	200,162	200,162	100%
2008	170,777	174,605	102%
Firefighters' Plan			
2013	\$ 11,577	\$ 11,577	100%
2012	12,158	12,158	100%
2011	12,158	16,963	140%
2010	15,180	11,005	72%
2009	15,180	15,180	100%
2008	10,618	10,618	100%

See accompanying Independent Auditor's Report

Combining and Individual Fund Statements and Schedules

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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
PROPERTY TAXES				
Revenues from property taxes	\$ 18,710,984	\$ 18,710,984	\$ 19,002,611	\$ 291,627
Interest and lien fees	65,000	65,000	85,663	20,663
Total property taxes	<u>18,775,984</u>	<u>18,775,984</u>	<u>19,088,274</u>	<u>312,290</u>
INTERGOVERNMENTAL				
Education and transportation grants	6,059,389	6,059,389	6,088,450	29,061
Pequot Indian grant	1,269,105	1,269,105	1,538,826	269,721
Payment in lieu of tax, state property	1,404,999	1,404,999	1,414,595	9,596
School building grants	189,606	189,606	189,606	-
Property tax relief grants	286,869	286,869	225,542	(61,327)
Local capital improvement grants	302,123	302,123	23,097	(279,026)
Police grants	10,000	10,000	34,411	24,411
Miscellaneous grants	12,000	34,505	78,933	44,428
Telephone tax	18,000	18,000	14,579	(3,421)
Total intergovernmental	<u>9,552,091</u>	<u>9,574,596</u>	<u>9,608,039</u>	<u>33,443</u>
CHARGES FOR SERVICES				
Brush and wood fees	2,000	2,000	-	(2,000)
Building permit fees	100,000	100,000	282,221	182,221
Bulky waste fees	1,000	1,000	-	(1,000)
Cell tower rentals	3,000	3,000	1,642	(1,358)
Conservation Commission fees	6,500	6,500	6,255	(245)
Conveyance taxes	40,000	40,000	75,119	35,119
Fire marshall fees	2,500	2,500	5,697	3,197
Fire watch service fees	3,000	3,000	-	(3,000)
Generator rebate	60,000	60,000	86,262	26,262
Metal recycling	4,000	4,000	4,452	452
Mini bus donations	-	-	6,860	6,860
Other recycling	100,000	100,000	53,450	(46,550)
Other licenses and permit fees	15,500	15,500	-	(15,500)
Other revenue	20,000	33,485	147,685	114,200
Paper recycling	25,000	25,000	8,152	(16,848)
Pistol permit fees	70,000	70,000	75,863	5,863
Planning Commission fees	2,000	2,000	1,200	(800)
Police service fees	1,200	1,200	3,076	1,876
Recreation fees	2,500	2,500	2,190	(310)
Property rentals	10,000	10,000	7,685	(2,315)
Sanitarian fees	8,605	8,605	19,505	10,900
Camp program fees	31,821	31,821	12,451	(19,370)
Tuition	7,000	7,000	18,051	11,051
Summer camp fees	97,500	97,500	97,695	195
Town clerk fees	8,000	8,000	13,152	5,152
Property sales	2,000	2,000	2,550	550
Transfer station permit fees	20,000	20,000	25,106	5,106
Zoning Board of Appeals fees	25,000	35,000	52,394	17,394
Zoning Commission fees	35,000	35,000	37,385	2,385
Zoning permit fees	10,000	10,000	4,780	(5,220)
Total charges for services	<u>713,126</u>	<u>736,611</u>	<u>1,050,878</u>	<u>314,267</u>
INVESTMENT EARNINGS				
Total revenues	<u>29,066,201</u>	<u>29,112,191</u>	<u>29,759,333</u>	<u>647,142</u>
OTHER FINANCING SOURCES				
Operating transfer in from the Ambulance Fund	175,000	175,000	175,000	-
Premium on issuance of refunding bonds	-	-	83,847	83,847
Total other financing sources	<u>175,000</u>	<u>175,000</u>	<u>258,847</u>	<u>83,847</u>
Total revenues and other financing sources	<u>\$ 29,241,201</u>	<u>\$ 29,287,191</u>	<u>\$ 30,018,180</u>	<u>\$ 730,989</u>

See accompanying Independent Auditor's Report.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Board of Assessment Appeals	\$ 300	\$ 300	\$ 87	\$ (213)
Board of Finance	43,250	45,703	41,578	(4,125)
Assessor	92,276	90,434	89,207	(1,227)
Finance	152,057	146,261	146,143	(118)
Selectmen	326,152	319,639	317,257	(2,382)
Building Department	76,739	71,239	70,896	(343)
Conservation	16,304	16,304	15,028	(1,276)
Election	25,547	25,547	21,583	(3,964)
Employee Benefits	987,288	975,522	929,369	(46,153)
Information Technology	86,800	93,602	92,884	(718)
Land Use	115,141	109,333	108,855	(478)
Planning	7,650	5,749	1,723	(4,026)
Probate Court	7,000	7,000	5,086	(1,914)
Tax Collector	91,014	91,014	89,187	(1,827)
Town Clerk	100,282	100,525	100,525	-
Zoning Board of Appeals	5,200	5,200	2,091	(3,109)
Zoning	7,065	7,065	4,353	(2,712)
Total general government	<u>2,140,065</u>	<u>2,110,437</u>	<u>2,035,852</u>	<u>(74,585)</u>
PUBLIC SAFETY				
Fire Marshall	52,633	42,879	42,341	(538)
Fire Protection	608,313	627,667	621,858	(5,809)
Police Protection	670,835	683,024	683,024	-
Civil Preparedness	10,816	10,816	10,642	(174)
Total public safety	<u>1,342,597</u>	<u>1,364,386</u>	<u>1,357,865</u>	<u>(6,521)</u>
PUBLIC WORKS				
Town Facilities	626,556	591,878	573,295	(18,583)
Highway Department	980,260	1,069,758	1,068,264	(1,494)
Public Works	120,996	121,875	121,519	(356)
Park and Recreation Maintenance	149,389	164,542	163,409	(1,133)
Total public works	<u>1,877,201</u>	<u>1,948,053</u>	<u>1,926,487</u>	<u>(21,566)</u>
SANITATION				
Water Pollution Control Authority	74,496	74,496	72,430	(2,066)
Transfer Station	490,097	498,816	498,791	(25)
Total sanitation	<u>564,593</u>	<u>573,312</u>	<u>571,221</u>	<u>(2,091)</u>
HEALTH AND SOCIAL SERVICES				
Eldery Services	3,601	3,601	3,601	-
Ambulance	74,980	57,874	57,796	(78)
Total health and social services	<u>78,581</u>	<u>61,475</u>	<u>61,397</u>	<u>(78)</u>
LIBRARY				
	<u>430,157</u>	<u>434,135</u>	<u>433,389</u>	<u>(746)</u>
CULTURE AND RECREATION				
Recreation Commission	26,118	23,995	22,240	(1,755)
Senior Services	58,910	64,024	59,563	(4,461)
Senior and Disabled Transportation	51,885	50,151	47,366	(2,785)
Community Services	10,038	11,547	11,399	(148)
Self-support Programs	70,000	82,348	82,348	-
Total culture and recreation	<u>216,951</u>	<u>232,065</u>	<u>222,916</u>	<u>(9,149)</u>
MISCELLANEOUS				
	<u>32,500</u>	<u>58,196</u>	<u>58,196</u>	<u>-</u>

See accompanying Independent Auditor's Report.

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
EDUCATION				
Administrative salaries	\$ 1,251,876	\$ 1,251,876	\$ 1,248,650	\$ (3,226)
Forms and printing	11,500	11,500	11,517	17
Postage	11,195	11,195	10,993	(202)
Board of education	93,600	67,600	42,338	(25,262)
Instructional dues	21,285	21,285	24,821	3,536
Instructional salaries	9,008,836	8,955,836	8,952,345	(3,491)
Other instructional salaries	404,101	457,101	458,628	1,527
Clerical/aides salaries	1,283,438	1,283,438	1,279,885	(3,553)
Textbooks	86,400	86,400	85,389	(1,011)
Library books and supplies	13,750	13,750	13,130	(620)
Audio visual materials	10,400	10,400	14,436	4,036
Systemwide general supplies	44,800	44,800	44,392	(408)
Departmental supplies	112,910	112,910	110,990	(1,920)
Workbooks and texts	34,940	47,940	51,071	3,131
Travel and conferences in-service	31,350	31,350	26,504	(4,846)
Office supplies	9,225	9,225	8,745	(480)
Medical Advisor salary	500	500	500	-
Nurses' salaries	154,423	154,423	158,522	4,099
Health supplies	7,000	7,000	6,879	(121)
Regular transportation	664,800	664,800	641,979	(22,821)
Special education transportation	288,780	301,780	301,831	51
Athletic/field trip transportation	12,907	12,907	26,022	13,115
Maintenance salaries	665,643	665,643	660,133	(5,510)
Fuel	211,000	211,000	213,080	2,080
Electricity	347,977	347,977	349,273	1,296
Telephone	22,400	22,400	27,100	4,700
Propane gas	11,000	11,000	8,395	(2,605)
Custodial supplies	45,000	45,000	44,559	(441)
General maintenance	283,671	321,671	372,531	50,860
Equipment replacement	2,800	2,800	2,722	(78)
Insurance/social security	3,453,816	3,360,816	3,338,820	(21,996)
Equipment rental	54,410	54,410	54,380	(30)
Coaches	148,419	148,419	143,741	(4,678)
Activity advisors	29,184	29,184	29,721	537
Athletic equipment and supplies	71,616	71,616	74,822	3,206
Capital outlay and equipment	196,570	251,570	262,615	11,045
Tuition - non special education	55,000	55,000	54,191	(809)
Tuition - vocational education	8,000	8,000	7,992	(8)
Tuition - special education	651,752	651,752	628,794	(22,958)
Adult education	10,900	10,900	11,311	411
Total education	<u>19,827,174</u>	<u>19,827,174</u>	<u>19,803,747</u>	<u>(23,427)</u>
DEBT SERVICE	<u>2,006,382</u>	<u>1,952,958</u>	<u>1,952,957</u>	<u>(1)</u>
TOTAL EXPENDITURES	<u>28,516,201</u>	<u>28,562,191</u>	<u>28,424,027</u>	<u>(138,164)</u>
OTHER FINANCING USES				
Operating transfers out:				
Capital Equipment Fund	665,000	665,000	665,000	-
Revaluation Fund	60,000	60,000	60,000	-
Total other financing uses	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 29,241,201</u>	<u>\$ 29,287,191</u>	<u>\$ 29,149,027</u>	<u>\$ (138,164)</u>

See accompanying Independent Auditor's Report.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2013

Grand List Year	Balance Uncollected July 1, 2012	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2013
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2011	\$ -	\$ 18,640,670	\$ 9,263	\$ 56,575	\$ (2,072)	\$ 18,591,286	\$ 18,369,471	\$ 54,432	\$ 3,820	\$ 18,427,723	\$ 221,815
2010	184,250	-	181	14,979	(1,982)	167,470	84,657	25,722	1,401	111,780	82,813
2009	50,384	-	-	2,748	(3,696)	43,940	23,175	11,431	213	34,819	20,765
2008	20,974	-	-	119	(5,221)	15,634	5,572	1,090	27	6,689	10,062
2007	17,498	-	-	365	(5,550)	11,583	221	351	6	578	11,362
2006	21,106	-	-	55	(6,032)	15,019	834	949	6	1,789	14,185
2005	16,368	-	-	143	(4,339)	11,886	165	495	9	669	11,721
2004	15,912	-	-	23	(2,854)	13,035	-	119	-	119	13,035
2003	14,546	-	4,037	-	(3,666)	14,917	-	11	-	11	14,917
2002	2,409	-	-	-	(1,493)	916	-	-	-	-	916
2001	2,900	-	-	-	(2,654)	246	-	-	-	-	246
2000	2,876	-	-	-	(2,876)	-	-	-	-	-	-
1999	3,348	-	-	-	(3,036)	312	-	-	-	-	312
1998	2,928	-	-	-	(2,928)	-	-	-	-	-	-
1997 and prior	8,875	-	-	-	(8,521)	354	-	-	-	-	354
	<u>\$ 364,374</u>	<u>\$ 18,640,670</u>	<u>\$ 13,481</u>	<u>\$ 75,007</u>	<u>\$ (56,920)</u>	<u>\$ 18,886,598</u>	<u>\$ 18,484,095</u>	<u>\$ 94,600</u>	<u>\$ 5,482</u>	<u>\$ 18,584,177</u>	<u>\$ 402,503</u>

See accompanying Independent Auditor's Report.

**TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2013**

Total cash collections for the year ended
June 30, 2013:

Taxes	\$ 18,484,095
Interest and lien fees	100,082
	<u>18,584,177</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	72,425
--------------------------	--------

Base \$ 18,656,602

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 41,977,355	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	83,954,709	-	-	-
3-3/4 times base	-	-	69,962,258	-	-
3-1/4 times base	-	-	-	60,633,957	-
3 times base	-	-	-	-	55,969,806
Total debt limitation	<u>41,977,355</u>	<u>83,954,709</u>	<u>69,962,258</u>	<u>60,633,957</u>	<u>55,969,806</u>
Indebtedness:					
Bonds payable	6,203,465	6,296,535	-	-	-
Less: school building grants to be provided by State	-	162,816	-	-	-
Total indebtedness	<u>6,203,465</u>	<u>6,133,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 35,773,890</u>	<u>\$ 77,820,990</u>	<u>\$ 69,962,258</u>	<u>\$ 60,633,957</u>	<u>\$ 55,969,806</u>
Total capacity of borrowing (7 times base)	\$ 130,596,214				
Total present indebtedness	<u>12,337,184</u>				
Margin for additional borrowing	<u>\$ 118,259,030</u>				

See accompanying Independent Auditor's Report.

Governmental Funds

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, 2013

	<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	\$ 1,212,120	\$ 782,332	\$ 70,600	\$ 2,065,052
Investments	594,540	-	481,690	1,076,230
Receivables:				
Assessments and user charges	97,940	-	-	97,940
Grants and contracts	23,945	-	-	23,945
Other	50,019	-	-	50,019
Due from other funds	90,541	542,753	-	633,294
Total assets	<u>\$ 2,069,105</u>	<u>\$ 1,325,085</u>	<u>\$ 552,290</u>	<u>\$ 3,946,480</u>
LIABILITIES				
Accounts payable	\$ 26,202	\$ 43,530	\$ -	\$ 69,732
Due to other funds	146,996	360,829	-	507,825
Unearned revenue	83,601	-	-	83,601
Advance from other fund	74,786	-	-	74,786
Total liabilities	<u>331,585</u>	<u>404,359</u>	<u>-</u>	<u>735,944</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>147,959</u>	<u>-</u>	<u>-</u>	<u>147,959</u>
FUND BALANCES				
Nonspendable	-	-	75,000	75,000
Restricted	-	-	477,290	477,290
Committed	1,591,545	1,053,638	-	2,645,183
Unassigned	(1,984)	(132,912)	-	(134,896)
Total fund balances	<u>1,589,561</u>	<u>920,726</u>	<u>552,290</u>	<u>3,062,577</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,069,105</u>	<u>\$ 1,325,085</u>	<u>\$ 552,290</u>	<u>\$ 3,946,480</u>

See accompanying Independent Auditor's Report.

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, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund - Library Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Assessments and user charges	\$ 101,923	\$ -	\$ -	\$ 101,923
Intergovernmental	644,291	111,611	-	755,902
Charges for services	674,417	31,712	-	706,129
Investment income	78,741	1,019	32,345	112,105
Miscellaneous	8,294	114,931	-	123,225
Total revenues	<u>1,507,666</u>	<u>259,273</u>	<u>32,345</u>	<u>1,799,284</u>
EXPENDITURES				
Current:				
General government	8,116	-	-	8,116
Public safety	76,121	-	-	76,121
Public works	59,238	-	-	59,238
Sanitation	81,422	-	-	81,422
Health and social services	73,488	-	-	73,488
Library	22,591	-	1,300	23,891
Culture and recreation	24,869	-	-	24,869
Education	806,883	-	-	806,883
Debt service:				
Principal payments	-	109,800	-	109,800
Interest and fiscal charges	-	11,761	-	11,761
Capital outlays	-	748,455	-	748,455
Total expenditures	<u>1,152,728</u>	<u>870,016</u>	<u>1,300</u>	<u>2,024,044</u>
Excess (deficiency) of revenues over expenditures	354,938	(610,743)	31,045	(224,760)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	899,633	30,135	929,768
Transfers out	(409,189)	-	-	(409,189)
Total other financing sources (uses)	<u>(409,189)</u>	<u>899,633</u>	<u>30,135</u>	<u>520,579</u>
Net change in fund balances	(54,251)	288,890	61,180	295,819
Fund balances - beginning	<u>1,643,812</u>	<u>631,836</u>	<u>491,110</u>	<u>2,766,758</u>
Fund balances - ending	<u>\$ 1,589,561</u>	<u>\$ 920,726</u>	<u>\$ 552,290</u>	<u>\$ 3,062,577</u>

See accompanying Independent Auditor's Report.

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.

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

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

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, 2013**

	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	\$ 91,901	\$ 69,067	\$ 68,287	\$ 19,081	\$ -	\$ 14,660	\$ 12,453	\$ 16,537
Investments	-	-	-	-	-	-	-	-
Receivables:								
Assessments and user charges	-	-	-	-	-	-	-	54,600
Grants and contracts	-	21,955	1,990	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	25	2,047	-	-	29,634
Total assets	<u>\$ 91,901</u>	<u>\$ 91,022</u>	<u>\$ 70,277</u>	<u>\$ 19,106</u>	<u>\$ 2,047</u>	<u>\$ 14,660</u>	<u>\$ 12,453</u>	<u>\$ 100,771</u>
LIABILITIES								
Accounts payable	\$ -	\$ 7,421	\$ 1,714	\$ -	\$ 4,031	\$ -	\$ -	\$ -
Due to other funds	90,448	-	-	-	-	-	-	-
Unearned revenue	-	83,601	-	-	-	-	-	-
Advance from other fund	-	-	-	-	-	-	-	41,686
Total liabilities	<u>90,448</u>	<u>91,022</u>	<u>1,714</u>	<u>-</u>	<u>4,031</u>	<u>-</u>	<u>-</u>	<u>41,686</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	-	-	54,600
FUND BALANCES (DEFICIT)								
Committed	1,453	-	68,563	19,106	-	14,660	12,453	4,485
Unassigned	-	-	-	-	(1,984)	-	-	-
Total fund balances (deficit)	<u>1,453</u>	<u>-</u>	<u>68,563</u>	<u>19,106</u>	<u>(1,984)</u>	<u>14,660</u>	<u>12,453</u>	<u>4,485</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 91,901</u>	<u>\$ 91,022</u>	<u>\$ 70,277</u>	<u>\$ 19,106</u>	<u>\$ 2,047</u>	<u>\$ 14,660</u>	<u>\$ 12,453</u>	<u>\$ 100,771</u>

See accompanying Independent Auditor's Report.

TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2013

	<u>Ambulance Fund</u>	<u>Cultural Commission Fund</u>	<u>Cemetery Working Fund</u>	<u>Library Fund</u>	<u>Historic & Land Preservation Fund</u>	<u>Sewer Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS							
Cash and cash equivalents	\$ 309,768	\$ 11,503	\$ 156,544	\$ 6,300	\$ 18,127	\$ 417,892	\$ 1,212,120
Investments	-	-	594,540	-	-	-	594,540
Receivables:							
Assessments and user charges	-	-	-	-	-	43,340	97,940
Grants and contracts	-	-	-	-	-	-	23,945
Other	50,019	-	-	-	-	-	50,019
Due from other funds	-	-	-	-	58,835	-	90,541
Total assets	<u>\$ 359,787</u>	<u>\$ 11,503</u>	<u>\$ 751,084</u>	<u>\$ 6,300</u>	<u>\$ 76,962</u>	<u>\$ 461,232</u>	<u>\$ 2,069,105</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 6,205	\$ -	\$ 5,205	\$ 1,626	\$ 26,202
Due to other funds	-	-	48,232	-	-	8,316	146,996
Unearned revenue	-	-	-	-	-	-	83,601
Advance from other fund	-	-	-	-	-	33,100	74,786
Total liabilities	<u>-</u>	<u>-</u>	<u>54,437</u>	<u>-</u>	<u>5,205</u>	<u>43,042</u>	<u>331,585</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	<u>50,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,340</u>	<u>147,959</u>
FUND BALANCES (DEFICIT)							
Committed	309,768	11,503	696,647	6,300	71,757	374,850	1,591,545
Unassigned	-	-	-	-	-	-	(1,984)
Total fund balances (deficit)	<u>309,768</u>	<u>11,503</u>	<u>696,647</u>	<u>6,300</u>	<u>71,757</u>	<u>374,850</u>	<u>1,589,561</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 359,787</u>	<u>\$ 11,503</u>	<u>\$ 751,084</u>	<u>\$ 6,300</u>	<u>\$ 76,962</u>	<u>\$ 461,232</u>	<u>\$ 2,069,105</u>

See accompanying Independent Auditor's Report.

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, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,200
Intergovernmental	219,134	407,755	10,090	-	-	-	-	-
Charges for services	-	-	379,688	5,900	2,969	12,955	10,700	-
Investment income	144	-	166	7	-	-	16	48
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>219,278</u>	<u>407,755</u>	<u>389,944</u>	<u>5,907</u>	<u>2,969</u>	<u>12,955</u>	<u>10,716</u>	<u>5,248</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	8,116	-
Public safety	-	-	-	11,677	14,119	-	-	-
Public works	59,238	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	12,780	-	-
Library	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Education	-	407,755	399,128	-	-	-	-	-
Total expenditures	<u>59,238</u>	<u>407,755</u>	<u>399,128</u>	<u>11,677</u>	<u>14,119</u>	<u>12,780</u>	<u>8,116</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	160,040	-	(9,184)	(5,770)	(11,150)	175	2,600	5,248
OTHER FINANCING USES								
Transfers out	(204,054)	-	-	-	-	-	-	-
Total other financing uses	<u>(204,054)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(44,014)	-	(9,184)	(5,770)	(11,150)	175	2,600	5,248
Fund balances (deficit) - beginning	<u>45,467</u>	<u>-</u>	<u>77,747</u>	<u>24,876</u>	<u>9,166</u>	<u>14,485</u>	<u>9,853</u>	<u>(763)</u>
Fund balances (deficit) - ending	<u>\$ 1,453</u>	<u>\$ -</u>	<u>\$ 68,563</u>	<u>\$ 19,106</u>	<u>\$ (1,984)</u>	<u>\$ 14,660</u>	<u>\$ 12,453</u>	<u>\$ 4,485</u>

See accompanying Independent Auditor's Report.

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, 2013

	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Library Fund	Historic & Land Preservation Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Assessments and user charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,723	\$ 101,923
Intergovernmental	-	-	-	3,312	4,000	-	644,291
Charges for services	188,645	11,073	43,230	8,579	10,678	-	674,417
Investment income	314	21	77,579	-	28	418	78,741
Miscellaneous	-	-	-	8,294	-	-	8,294
Total revenues	<u>188,959</u>	<u>11,094</u>	<u>120,809</u>	<u>20,185</u>	<u>14,706</u>	<u>97,141</u>	<u>1,507,666</u>
EXPENDITURES							
Current:							
Government	-	-	-	-	-	-	8,116
Public safety	50,325	-	-	-	-	-	76,121
Public works	-	-	-	-	-	-	59,238
Sanitation	-	-	-	-	-	81,422	81,422
Health and social services	-	-	60,708	-	-	-	73,488
Library	-	-	-	22,591	-	-	22,591
Culture and recreation	-	11,826	-	-	13,043	-	24,869
Education	-	-	-	-	-	-	806,883
Total expenditures	<u>50,325</u>	<u>11,826</u>	<u>60,708</u>	<u>22,591</u>	<u>13,043</u>	<u>81,422</u>	<u>1,152,728</u>
Excess (deficiency) of revenues over expenditures	138,634	(732)	60,101	(2,406)	1,663	15,719	354,938
OTHER FINANCING USES							
Transfers out	(175,000)	-	-	(30,135)	-	-	(409,189)
Total other financing uses	<u>(175,000)</u>	<u>-</u>	<u>-</u>	<u>(30,135)</u>	<u>-</u>	<u>-</u>	<u>(409,189)</u>
Net change in fund balances	(36,366)	(732)	60,101	(32,541)	1,663	15,719	(54,251)
Fund balances (deficit) - beginning	<u>346,134</u>	<u>12,235</u>	<u>636,546</u>	<u>38,841</u>	<u>70,094</u>	<u>359,131</u>	<u>1,643,812</u>
Fund balances (deficit) - ending	<u>\$ 309,768</u>	<u>\$ 11,503</u>	<u>\$ 696,647</u>	<u>\$ 6,300</u>	<u>\$ 71,757</u>	<u>\$ 374,850</u>	<u>\$ 1,589,561</u>

See accompanying Independent Auditor's Report.

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.

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, 2013**

	Capital Projects Fund	Capital Equipment Fund	School Construction Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
ASSETS					
Cash and cash equivalents	\$ 249,579	\$ 109,953	\$ -	\$ 422,800	\$ 782,332
Grants and contracts receivable	-	-	-	-	-
Due from other funds	-	542,753	-	-	542,753
Total assets	<u>\$ 249,579</u>	<u>\$ 652,706</u>	<u>\$ -</u>	<u>\$ 422,800</u>	<u>\$ 1,325,085</u>
LIABILITIES					
Accounts payable	\$ 17,200	\$ 26,330	\$ -	\$ -	\$ 43,530
Due to other funds	227,917	-	132,912	-	360,829
Total liabilities	<u>245,117</u>	<u>26,330</u>	<u>132,912</u>	<u>-</u>	<u>404,359</u>
FUND BALANCES					
Committed	4,462	626,376	-	422,800	1,053,638
Unassigned	-	-	(132,912)	-	(132,912)
Total fund balances (deficit)	<u>4,462</u>	<u>626,376</u>	<u>(132,912)</u>	<u>422,800</u>	<u>920,726</u>
Total liabilities and fund balances	<u>\$ 249,579</u>	<u>\$ 652,706</u>	<u>\$ -</u>	<u>\$ 422,800</u>	<u>\$ 1,325,085</u>

See accompanying Independent Auditor's Report.

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, 2013

	Capital Projects Fund	Capital Equipment Fund	School Construction Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
REVENUES					
Intergovernmental	\$ 111,611	\$ -	\$ -	\$ -	\$ 111,611
Charges for services	-	-	-	31,712	31,712
Investment income	387	124	-	508	1,019
Miscellaneous	113,931	-	1,000	-	114,931
Total revenues	<u>225,929</u>	<u>124</u>	<u>1,000</u>	<u>32,220</u>	<u>259,273</u>
EXPENDITURES					
Debt service:					
Principal payments	-	109,800	-	-	109,800
Interest and fiscal charges	-	11,761	-	-	11,761
Capital outlays	<u>509,908</u>	<u>238,547</u>	<u>-</u>	<u>-</u>	<u>748,455</u>
Total expenditures	<u>509,908</u>	<u>360,108</u>	<u>-</u>	<u>-</u>	<u>870,016</u>
Excess (deficiency) of revenues over expenditures	(283,979)	(359,984)	1,000	32,220	(610,743)
OTHER FINANCING SOURCES					
Transfers in	<u>234,633</u>	<u>665,000</u>	<u>-</u>	<u>-</u>	<u>899,633</u>
Total other financing sources	<u>234,633</u>	<u>665,000</u>	<u>-</u>	<u>-</u>	<u>899,633</u>
Net change in fund balances	(49,346)	305,016	1,000	32,220	288,890
Fund balances (deficit) - beginning	<u>53,808</u>	<u>321,360</u>	<u>(133,912)</u>	<u>390,580</u>	<u>631,836</u>
Fund balances (deficit) - ending	<u>\$ 4,462</u>	<u>\$ 626,376</u>	<u>\$ (132,912)</u>	<u>\$ 422,800</u>	<u>\$ 920,726</u>

See accompanying Independent Auditor's Report.

*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 POSITION -
PENSION TRUST FUNDS
JUNE 30, 2013

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ASSETS				
Cash and cash equivalents	\$ 160,726	\$ 219,865	\$ 16,674	\$ 397,265
Investments:				
Corporate bonds	5,595	1,231,593	-	1,237,188
Preferred stocks	183,707	-	-	183,707
Mutual funds	84,540	774,280	253,095	1,111,915
Common stock	1,645,596	881,463	-	2,527,059
Contributions receivable	-	208,949	-	208,949
Total assets	<u>2,080,164</u>	<u>3,316,150</u>	<u>269,769</u>	<u>5,666,083</u>
LIABILITIES				
Benefits payable	-	-	12,304	12,304
Total liabilities	<u>-</u>	<u>-</u>	<u>12,304</u>	<u>12,304</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 2,080,164</u>	<u>\$ 3,316,150</u>	<u>\$ 257,465</u>	<u>\$ 5,653,779</u>

See accompanying Independent Auditor's Report.

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 179,163	\$ 208,949	\$ 11,577	\$ 399,689
Plan members	44,118	54,507	-	98,625
Total contributions	<u>223,281</u>	<u>263,456</u>	<u>11,577</u>	<u>498,314</u>
Investment earnings:				
Interest and dividends	46,530	85,738	6,675	138,943
Net appreciation in the fair value of investments, net of investment fees	181,502	36,331	39,441	257,274
Total investment earnings, net	<u>228,032</u>	<u>122,069</u>	<u>46,116</u>	<u>396,217</u>
Total additions	<u>451,313</u>	<u>385,525</u>	<u>57,693</u>	<u>894,531</u>
DEDUCTIONS				
Benefit payments	32,148	134,998	12,304	179,450
Administrative expenses	-	10,401	-	10,401
Total deductions	<u>32,148</u>	<u>145,399</u>	<u>12,304</u>	<u>189,851</u>
Change in net position	419,165	240,126	45,389	704,680
Net Position Held in Trust for Pension Benefits:				
Beginning	<u>1,660,999</u>	<u>3,076,024</u>	<u>212,076</u>	<u>4,949,099</u>
Ending	<u>\$ 2,080,164</u>	<u>\$ 3,316,150</u>	<u>\$ 257,465</u>	<u>\$ 5,653,779</u>

See accompanying Independent Auditor's Report.

**TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2013**

	Student Activities Funds	Bond Deposit Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 161,701	\$ 48,732	\$ 210,433
Total assets	\$ 161,701	\$ 48,732	\$ 210,433
LIABILITIES			
Due to others	\$ 161,701	\$ 48,732	\$ 210,433
Total liabilities	\$ 161,701	\$ 48,732	\$ 210,433

See accompanying Independent Auditor's Report.

**TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2013</u>
Student Activities Funds				
Assets				
Cash and cash equivalents	\$ 152,265	\$ 752,264	\$ 742,828	\$ 161,701
Total assets	<u>\$ 152,265</u>	<u>\$ 752,264</u>	<u>\$ 742,828</u>	<u>\$ 161,701</u>
Liabilities				
Due to others	\$ 152,265	\$ 752,264	\$ 742,828	\$ 161,701
Total liabilities	<u>\$ 152,265</u>	<u>\$ 752,264</u>	<u>\$ 742,828</u>	<u>\$ 161,701</u>
Bond Deposit Fund				
Assets				
Cash and cash equivalents	\$ 151,059	\$ 9,500	\$ 111,827	\$ 48,732
Total assets	<u>\$ 151,059</u>	<u>\$ 9,500</u>	<u>\$ 111,827</u>	<u>\$ 48,732</u>
Liabilities				
Due to others	\$ 151,059	\$ 9,500	\$ 111,827	\$ 48,732
Total liabilities	<u>\$ 151,059</u>	<u>\$ 9,500</u>	<u>\$ 111,827</u>	<u>\$ 48,732</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 303,324	\$ 761,764	\$ 854,655	\$ 210,433
Total assets	<u>\$ 303,324</u>	<u>\$ 761,764</u>	<u>\$ 854,655</u>	<u>\$ 210,433</u>
Liabilities				
Due to others	\$ 303,324	\$ 761,764	\$ 854,655	\$ 210,433
Total liabilities	<u>\$ 303,324</u>	<u>\$ 761,764</u>	<u>\$ 854,655</u>	<u>\$ 210,433</u>

See accompanying Independent Auditor's Report.

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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Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. 78

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes. 84

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. 87

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments. 89

Operating Information

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.

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

(Accrual Basis of Accounting - Unaudited)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital assets	\$ 25,503,947	\$ 27,600,663	\$ 34,091,150	\$ 35,304,308	\$ 36,774,384
Restricted	849,609	253,736	278,884	316,030	298,815
Unrestricted	9,049,644	8,748,455	5,663,831	7,664,624	7,953,501
Total governmental activities net position	<u>\$ 35,403,200</u>	<u>\$ 36,602,854</u>	<u>\$ 40,033,865</u>	<u>\$ 43,284,962</u>	<u>\$ 45,026,700</u>
	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 38,094,992	\$ 39,619,014	\$ 38,972,295	\$ 39,544,160	\$ 39,917,453
Restricted	345,544	375,142	467,790	685,697	552,290
Unrestricted	7,095,822	6,224,532	4,497,207	4,406,532	5,666,268
Total governmental activities net position	<u>\$ 45,536,358</u>	<u>\$ 46,218,688</u>	<u>\$ 43,937,292</u>	<u>\$ 44,636,389</u>	<u>\$ 46,136,011</u>

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 2,552,353	\$ 2,608,514	\$ 3,441,569	\$ 2,647,209	\$ 2,850,726	\$ 3,355,461	\$ 2,400,957	\$ 2,671,986	\$ 1,847,141	\$ 2,157,177
Public safety	990,900	1,118,929	1,153,585	1,265,878	1,477,575	1,511,369	1,572,666	1,710,710	1,737,616	1,780,489
Public works	1,140,797	1,079,095	981,652	1,317,306	1,797,973	1,512,162	1,465,614	1,647,722	3,593,895	2,225,255
Sanitation (1)	758,320	843,904	913,546	903,235	855,350	941,549	793,200	829,323	815,396	713,943
Health and social services	116,502	103,826	114,724	111,926	123,753	79,031	311,741	175,649	159,253	144,374
Library	385,217	363,901	383,706	401,716	398,753	459,413	596,090	497,825	485,491	482,812
Culture and recreation	145,953	110,676	113,382	118,581	155,661	191,635	450,294	173,635	234,757	264,883
Education	16,907,825	17,927,491	19,537,153	20,560,330	27,443,607	23,493,123	23,336,796	23,864,113	24,187,619	24,225,731
Interest and fiscal charges	820,427	879,729	948,729	887,476	985,345	866,922	760,415	679,951	600,495	605,379
Total governmental activities expenses	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	32,600,043
Program Revenues (See Table 3)										
Governmental activities:										
Charges for services:										
General government	450,229	465,318	515,371	592,586	875,576	461,600	427,882	480,114	469,503	\$ 926,179
Public safety	130,828	135,387	177,044	270,742	253,105	260,037	316,922	263,266	292,985	282,149
Sanitation (1)	280,017	293,206	579,378	526,047	346,233	620,878	408,709	349,593	311,334	181,864
Health and social services	-	-	-	-	-	-	65,203	79,088	74,751	63,045
Library	-	-	-	-	-	-	-	-	-	16,873
Culture and recreation	88,248	91,092	98,666	81,799	106,933	65,084	184,493	136,993	148,914	123,409
Education	478,690	553,935	579,755	470,413	475,982	478,530	449,219	444,099	438,616	397,739
Operating grants and contributions	5,841,301	6,034,438	7,045,047	7,305,431	14,756,945	9,191,247	9,183,208	9,458,832	10,797,450	9,546,817
Capital grants and contributions	605,912	2,686,671	3,487,629	2,348,475	660,135	1,018,766	1,376,142	794,874	736,754	134,708
Total governmental activities program revenues	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	11,672,783
Net (Expense)/Revenue										
Governmental activities	(15,943,069)	(14,776,018)	(15,105,156)	(16,618,164)	(18,613,834)	(20,314,523)	(19,275,995)	(20,244,055)	(20,391,356)	(20,927,260)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes, levied for general purposes	13,253,645	13,975,887	14,696,138	15,488,458	16,021,551	16,648,953	17,000,499	17,172,881	18,015,130	19,129,203
Grants and contributions not restricted to specific programs	2,417,470	2,734,397	3,356,909	3,780,097	3,900,091	4,117,089	2,857,667	2,799,849	2,990,206	3,193,542
Unrestricted investment earnings	140,951	262,887	401,087	600,706	433,930	58,139	100,159	205,679	85,117	124,247
Miscellaneous	89,747	77,324	82,033	-	-	-	-	-	-	-
Total governmental activities	15,901,813	17,050,495	18,536,167	19,869,261	20,355,572	20,824,181	19,958,325	20,178,409	21,090,453	22,446,992
Special items - loss on sale of capital assets	-	-	-	-	-	-	-	2,215,750	-	-
Change in Net Position										
Governmental activities	\$ (41,256)	\$ 2,274,477	\$ 3,431,011	\$ 3,251,097	\$ 1,741,738	\$ 509,658	\$ 682,330	\$ (2,281,396)	\$ 699,097	\$ 1,519,732

(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.

Table 3

TOWN OF SOMERS, CONNECTICUT
PROGRAM REVENUES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
General government	\$ 592,236	\$ 918,661	\$ 898,930	\$ 848,865	\$ 1,483,196
Public safety	166,065	174,687	396,797	293,221	453,624
Public works	46,138	46,646	135,281	278,406	118,329
Sanitation	283,967	299,181	579,378	526,047	346,233
Health and social services	5,146	4,889	22,303	5,335	6,559
Library	10,672	10,092	18,956	21,747	24,975
Culture and recreation	88,248	91,092	98,666	81,799	109,238
Education	6,682,753	8,714,796	10,332,579	9,540,073	14,932,755
Total governmental activities	<u>\$ 7,875,225</u>	<u>\$ 10,260,044</u>	<u>\$ 12,482,890</u>	<u>\$ 11,595,493</u>	<u>\$ 17,474,909</u>

Function/Program	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
General government	\$ 1,330,462	\$ 429,478	\$ 626,782	\$ 486,206	\$ 934,326
Public safety	408,559	335,999	365,841	310,172	316,560
Public works	107,462	975,690	514,350	1,929,980	410,069
Sanitation	620,878	408,709	561,770	345,901	181,864
Health and social services	5,335	227,570	79,088	77,641	63,045
Library	252,980	382,459	86,966	77,083	20,185
Culture and recreation	65,084	338,773	293,610	131,671	123,409
Education	9,305,382	9,313,100	9,478,452	9,911,653	9,623,325
Total governmental activities	<u>\$ 12,096,142</u>	<u>\$ 12,411,778</u>	<u>\$ 12,006,859</u>	<u>\$ 13,270,307</u>	<u>\$ 11,672,783</u>

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

Table 4

TOWN OF SOMERS, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting - Unaudited)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Nonspendable	\$ 330,646	\$ 329,886	\$ 329,886	\$ 416,886	\$ 416,886
Unassigned	3,210,162	3,282,190	3,236,028	4,011,387	4,539,346
Total general fund	<u>\$ 3,540,808</u>	<u>\$ 3,612,076</u>	<u>\$ 3,565,914</u>	<u>\$ 4,428,273</u>	<u>\$ 4,956,232</u>
All Other Governmental Funds					
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	240,332	242,052	203,884	289,162	3,890,043
Committed	1,880,533	2,402,839	1,897,645	2,229,468	2,202,105
Unassigned	(132,248)	(252,444)	(1,846,852)	(517,590)	(266,733)
Total all other governmental funds	<u>\$ 2,063,617</u>	<u>\$ 2,467,447</u>	<u>\$ 329,677</u>	<u>\$ 2,076,040</u>	<u>\$ 5,900,415</u>
	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ 549,764	\$ 421,071	\$ 401,863	\$ 93,474	\$ 74,786
Restricted	-	-	-	194,587	-
Committed	-	780,737	780,737	840,737	900,737
Assigned	-	-	-	179,364	246,729
Unassigned	4,823,278	4,166,099	3,314,760	3,806,587	4,878,614
Total general fund	<u>\$ 5,373,042</u>	<u>\$ 5,367,907</u>	<u>\$ 4,497,360</u>	<u>\$ 5,114,749</u>	<u>\$ 6,100,866</u>
All Other Governmental Funds					
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	301,324	321,957	392,790	416,110	477,290
Committed	2,958,702	2,561,501	2,451,887	2,418,024	2,645,183
Unassigned	(247,351)	(245,285)	(209,695)	(142,366)	(134,896)
Total all other governmental funds	<u>\$ 3,087,675</u>	<u>\$ 2,713,173</u>	<u>\$ 2,709,982</u>	<u>\$ 2,766,768</u>	<u>\$ 3,062,577</u>

TOWN OF SOMERS, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting - Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes	\$ 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	\$ 19,088,274
Assessments and user charges	125,110	96,607	363,691	196,213	200,300	88,726	349,170	88,968	113,945	101,923
Intergovernmental	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	13,056,442
Charges for services	401,317	446,110	473,001	457,398	486,999	1,492,029 (1)	1,553,753	1,685,274	1,643,428	1,746,607
Investment income	140,951	262,890	401,087	600,706	433,869	58,139	100,159	205,679	85,117	124,247
Miscellaneous	1,139,433	1,196,592	1,344,801	1,358,499	1,626,222	344,259	422,446	127,551	81,710	123,225
Total revenues	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	34,240,718
Expenditures										
General government	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	2,186,516
Public safety	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	1,481,217
Public works	899,530	865,707	994,425	1,088,571	1,089,718	1,107,129	1,109,644	1,209,961	2,876,181	1,808,620
Sanitation	609,752	679,002	782,095	824,962	680,408	714,259	671,790	897,332	665,016	570,221
Health and social services	103,947	102,780	102,010	114,300	113,831	68,742	302,112	162,032	149,363	134,885
Library	329,417	339,105	352,409	371,440	366,299	398,098	417,900	468,247	458,881	457,280
Culture and recreation	99,146	93,993	111,326	105,968	137,518	174,799	480,064	149,018	216,937	247,785
Education	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	23,333,131
Miscellaneous	217,909	254,492	424,465	465,323	390,195	924,141	- (2)	120,000	-	-
Debt service:										
Principal payments	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	1,594,800
Interest and fiscal charges	847,651	854,216	1,036,292	875,516	903,767	865,591	761,087	668,650	591,562	593,658
Capital outlays	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	748,455
Total expenditures	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	33,156,568
Excess of revenues over (under) expenditures	(1,063,991)	(3,314,872)	(2,847,124)	(709,473)	341,917	(2,572,392)	(379,637)	(1,047,639)	198,723	1,084,150

(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.

TOWN OF SOMERS, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (Continued)
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting - Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Issuance of bonds	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 7,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of refunding bonds	-	-	5,700,000	-	-	-	-	-	-	7,610,000
Premium on issuance of bonds	-	-	-	-	5,417	-	-	-	-	462,953
Payment to refunded bond escrow agent	-	-	(5,642,000)	-	-	-	-	-	-	(7,875,166)
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	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	435,899	550,726	1,727,571	1,012,799	1,621,153	685,899	714,504	455,000	784,203	1,104,768
Transfers out	(435,899)	(550,726)	(1,727,571)	(1,012,799)	(1,621,153)	(685,899)	(714,504)	(455,000)	(784,203)	(1,104,768)
Total other financing sources (uses)	1,748,776	3,789,970	663,192	3,318,195	4,010,417	176,462	-	173,902	475,452	197,787
Net change in fund balances	\$ 684,785	\$ 475,098	\$ (2,183,932)	\$ 2,608,722	\$ 4,352,334	\$ (2,395,930)	\$ (379,637)	\$ (873,737)	\$ 674,175	\$ 1,281,937
Debt service as a percentage of noncapital expenditures	10.6%	8.6%	10.2%	10.5%	8.9%	10.3%	10.6%	8.9%	7.0%	6.8%

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	Total Real Estate Assessment	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
2004	\$ 387,086,150	\$ 139,429,580	\$ 7,429,600	\$ 533,945,330	\$ 122,510,650	\$ 411,434,680	27.26	\$ 762,779,043	70.00%
2005	393,235,050	141,650,780	4,626,690	539,512,520	122,509,550	417,002,970	28.56	770,732,171	70.00%
2006	623,959,770	179,788,170	5,837,040	809,584,980	156,058,690	653,526,290	20.25	1,156,549,971	70.00%
2007	628,363,625	179,343,800	6,322,760	814,030,185	156,002,450	658,027,735	21.01	1,162,900,264	70.00%
2008	638,193,495	180,135,170	6,340,570	824,669,235	156,435,960	668,233,275	21.56	1,178,098,907	70.00%
2009	649,716,283	180,995,220	5,857,980	836,569,483	156,910,410	679,659,073	21.91	1,195,099,261	70.00%
2010	661,434,443	184,674,110	5,958,700	852,067,253	159,272,590	692,794,663	22.11	1,217,238,933	70.00%
2011	698,819,380	210,411,680	9,353,100	918,584,160	184,832,840	733,751,320	21.12	1,312,263,086	70.00%
2012	698,734,360	212,161,650	9,248,700	920,144,710	182,170,580	737,974,130	22.12	1,314,492,443	70.00%
2013	699,832,510	207,140,950	9,271,500	916,244,960	175,972,280	740,272,680	23.12	1,308,921,371	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.

* Revaluation completed effective October 1, 2010

Note: Fiscal year 2006 was the first year after a property revaluation was performed, 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)

	2013		2004	
	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
<u>Taxpayer</u>				
Connecticut Light & Power	\$ 6,505,540	0.88%	\$ 4,441,480	1.08%
Specialized Technology Resources Inc	6,207,040	0.84% (1)	-	0.00%
Grower Direct Inc	2,702,080	0.37%	2,580,080	0.63%
Conval Inc	2,539,560	0.34% (1)	490,660	0.12%
Somers Crossing LLC	2,070,400	0.28%	-	0.00%
The CT Water Company	1,975,300	0.27%	851,670	0.21%
Somers Recreation Inc	1,765,720	0.24%	1,134,180	0.28%
Hazardville Water Company	1,667,080	0.23%	1,294,362	0.31%
Birkenshaw, David	1,660,150	0.22%	-	0.00%
Forty Scitico Road LLC	1,348,200	0.18%	-	0.00%
Total	\$ 28,441,070	3.84%	\$ 10,792,432	2.62%
Total Taxable Assessed Real Estate Value *	\$ 740,272,680		\$ 411,434,680	

* Total Town Taxable Assessed Value after exempt property

(1) Taxable assessed value before Manufacturing Machinery & Equipment State exemptions

Note: A property revaluation was performed in 2009.

Source: Town of Somers, Office of the Assessor.

**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
2004	\$ 13,251,117	\$ 13,032,202	98.35%	\$ 112,338	\$ 13,144,540	99.20%
2005	14,020,021	13,839,346	98.71%	111,999	13,951,345	99.51%
2006	14,677,342	14,495,007	98.76%	66,371	14,561,378	99.21%
2007	15,438,818	15,258,285	98.83%	126,092	15,384,377	99.65%
2008	15,985,836	15,781,620	98.72%	161,999	15,943,619	99.74%
2009	16,622,495	16,457,607	99.01%	130,483	16,588,090	99.79%
2010	16,790,911	16,646,987	99.14%	112,587	16,759,574	99.81%
2011	17,038,590	16,827,615	98.76%	153,433	16,981,048	99.66%
2012	17,736,719	17,523,381	98.80%	111,780	17,635,161	99.43%
2013	18,591,286	18,369,471	98.81%	-	18,369,471	98.81%

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

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	Capital Leases				
2004	\$ 16,090,000	\$ -	\$ -	\$ 16,090,000	2.11%	5.77%	\$ 1,496
2005	19,510,000	1,400,000	-	19,510,000	2.53%	6.95%	1,804
2006	18,185,000	-	-	18,185,000	1.57%	6.49%	1,684
2007	16,500,000	3,200,000	-	16,500,000	1.42%	5.87%	1,523
2008	21,680,000	3,200,000	-	21,680,000	1.84%	7.70%	1,998
2009	19,445,000	-	-	19,445,000	1.63%	6.88%	1,785
2010	17,325,000	-	-	17,325,000	1.42%	6.10%	1,582
2011	15,215,000	-	225,913	15,440,913	1.18%	4.35%	1,367
2012	13,595,000	-	573,996	14,168,996	1.08%	3.88%	1,220
2013	12,500,000	-	464,196	12,964,196	0.99%	3.22%	1,133

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legal Debt Margin Calculation:										
Total capacity of borrowing (7 times base)	\$ 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	\$ 130,596,214
Total present indebtedness	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	12,337,184
Margin for additional borrowing	<u>\$ 71,469,761</u>	<u>\$ 79,741,759</u>	<u>\$ 86,796,332</u>	<u>\$ 84,135,238</u>	<u>\$ 93,103,589</u>	<u>\$ 99,768,121</u>	<u>\$ 102,384,859</u>	<u>\$ 105,032,957</u>	<u>\$ 111,533,788</u>	<u>\$ 118,259,030</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	<u>22.41%</u>	<u>19.00%</u>	<u>19.67%</u>	<u>22.22%</u>	<u>17.06%</u>	<u>14.97%</u>	<u>13.55%</u>	<u>12.16%</u>	<u>10.62%</u>	<u>9.45%</u>

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.

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

(Unaudited)

Year	(1) Population	Personal Income	(1) Per Capita Personal Income	(1) Median Age	Education Level in Years of Schooling	(2) School Enrollment	(3) Unemployment Rate
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%
2013	11,444	402,073,496	35,134	42.0	12.0	1,522	7.2%

(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
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

(Unaudited)

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Finance	2	2	2	2	2	2	2	2	2	2
Planning	1	1	1	1	1	-	-	-	-	-
Building	2	2	2	2	2	2	2	2	2	2
Other	9	9	9	9	10	10	9	9	9	7
Police										
Officers	2	2	2	2	1	1	1	1	2	2
Civilians	1	1	1	1	1	1	1	1	-	-
Fire										
Firefighters and officers	6	6	6	7	7	7	7	7	7	7
Refuse collection	4	4	4	4	3	3	3	3	2	-
Public works	13	12	11	11	9	8	8	8	9	13
Parks and recreation	2	2	2	2	3	3	2	2	1	2
Library	9	9	9	9	9	9	9	9	8	8
Sanitation	1	1	1	1	2	2	2	2	2	2
Transit	2	2	2	2	2	2	2	2	2	2
Total	54	53	52	53	52	50	48	48	48	48

Note: A full-time Town Hall and Library employee is scheduled to work 35.0 hours per week (including vacation and sick leave). A full-time Public Works, Police and Fire Department employee works 40.0 hours per week (including vacation and sick leave).

Full-time equivalent employment is calculated by dividing total labor hours by 35 or 40 whichever is applicable.

Source: Town of Somers, Treasurer's Office.

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

(Unaudited)

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Criminal investigations	268	244	228	252	277	233	276	296	266	292
Motor vehicle accidents	164	167	131	109	144	150	140	127	133	130
DWI Arrests	35	40	20	42	28	17	19	24	33	36
Fire										
Emergency responses	406	440	440	528	522	907	932	1,058	1225	999
Fires extinguished	33	33	33	29	41	26	15	23	25	21
Inspections	(1) 138	145	33	128	144	203	251	240	234	252
Refuse collection										
Refuse collected (tons per year)	3,976	3,795	3,900	4,041	3,943	3,794	2,810	4,345	3733	4693
Bulky waste (tons per year)	1,100	1,229	1,350	1,112	1,078	944	823	975	1045	779
Recycling (tons per year)								490	666	
Other public works (miles)										
Street resurfacing	10	11	12	12	9	8	8	8	4	7
Paved surface	-	-	1	-	-	1	-	-	1	1
Crack sealing	-	-	-	-	-	-	3	3	6	2
Library										
Volumes in collection	45,991	46,674	48,324	56,930	57,218	54,605	51,305	53,698	56,139	57,822
Total volumes circulated	58,880	57,587	62,505	57,632	81,639	53,680	59,155	60,085	60,468	63,111
Water										
New connections	4	5	7	18	23	13	4	1	0	2
New well permits	34	15	34	16	19	15	9	13	7	7
Wastewater										
New septic permits	70	57	64	46	53	47	38	28	49	11
New sewer connections	1	1	1	25	17	11	14	2	2	6
Average yearly sewage treatment (thousands of gallons)/day	40	50	45	40	38	41	38	39	31	28
Transit (senior bus)										
Total route miles	28,000	24,189	21,500	24,000	25,732	24,732	21,200	28,596	25,486	23,039
Passengers	2,287	2,262	1,784	1,896	1,805	1,218	2,405	3,405	4,136	3,917

(1) Fire Marshall Inspections included "school construction inspections" as follows: 128 in 2004, year, 143 in 2005 year and 20 in 2006 year.

(2) Transitioned to single stream recycling

Source: Various Town departments.

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

(Unaudited)

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	6	6	5	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	84.9	85.0	84.0	84.0	87.0	89.3	89.4	89.6
Highways (miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.8	8
Streetlights	3	3	3	3	3	3	3	30	450	(2) 450
Traffic signals	4	4	5	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	58.8	118.24
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/football fields	9	9	9	9	9	9	9	9	10	11
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	4.8	4.8	(1) 4.8
Fire hydrants	82	82	82	82	116	116	116	193	195	200
Storage capacity (thousands of gallons)	345	345	345	345	345	345	345	-	0	(1) 0
Wastewater										
Sanitary sewers (miles)	4.1	4.1	4.1	4.1	4.3	4.3	4.3	4.3	4.3	3.8
Storm sewers (miles)	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41	41
Treatment capacity (thousands of gallons)	65	65	65	65	100	100	100	100	100	97.2
Transit—minibuses	1	1	2	2	2	2	2	2	2	2

(1) Per contract termination water system sold to Hazardville Water Company

(2) Includes streetlights leased from CL&P

Source: Various Town departments.