

**TOWN OF SOMERS,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2014**

**TOWN OF SOMERS,
CONNECTICUT**



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Financial Report**

**For The Year Ended
June 30, 2014**

Prepared by:

Finance & Treasury Department

**TOWN OF SOMERS, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION

TOWN OF SOMERS

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

December 23, 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, 2014.

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, 2014 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 unmodified opinions that the Town’s basic financial statements as of and for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor’s 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 package.

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, 2014 population of 11,320. 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 2014 unemployment rate at 6.2% (not seasonally adjusted) which is slightly lower than the state unemployment rate of 6.8%. 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 experienced a 7.0% decrease in building permits compared to the prior fiscal year with an associated decrease in the overall valuation of construction activity.

Long-term Financial Planning

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

Relevant Financial Policies

The Town’s cash management policy emphasizes foremost the security of the principal being invested, second liquidity and third to obtain the highest yield on the investment. The cash invested is idle cash, which is transferred daily into investment accounts. This idle cash is invested in the State Treasurer’s Short-Term Investment Fund and the Cooperative Liquid Assets Security Systems Fund, which are investment pools that contain 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, and competitive bank certificates of deposits with maturity dates ranging from 120-180 days. The Town’s investment practices are in compliance with its Charter and the Connecticut General Statutes.

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.

Major Initiatives

The Town has dealt with the aftermath of a 2012 fire that destroyed the old Somersville Mill. 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. The Town recently received a brownfield grant from the Connecticut Department of Economic and Community Development (DECD) to support the clean-up of the property. The receipt of the grant is an important step in the redevelopment process of this site.

The Town has completed 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 and makes data available to the public online.

The Town and the State of Connecticut recently completed improvements to the intersection of Route 190, Ninth District and Sokol Roads. This project was undertaken to improve the traffic on Route 190 as well as the traffic flow to the school and public library campus located off Ninth District Road.

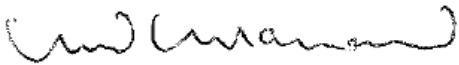
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting to the Town of Somers for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the fifteenth 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,

A handwritten signature in black ink, appearing to read "Michael D. Marinaccio". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping tail.

Michael D. Marinaccio
Chief Financial Officer



Government Finance Officers Association

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

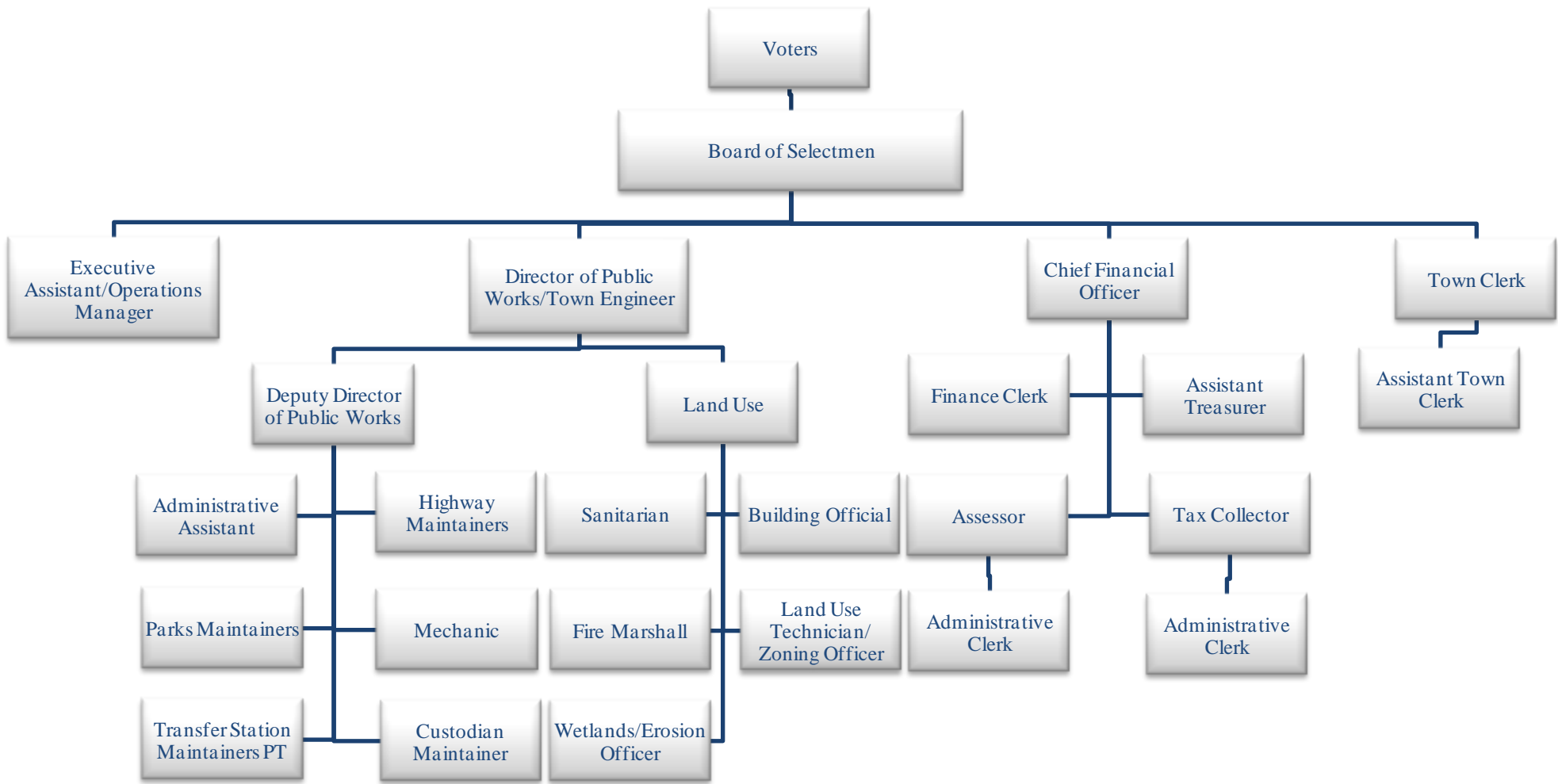
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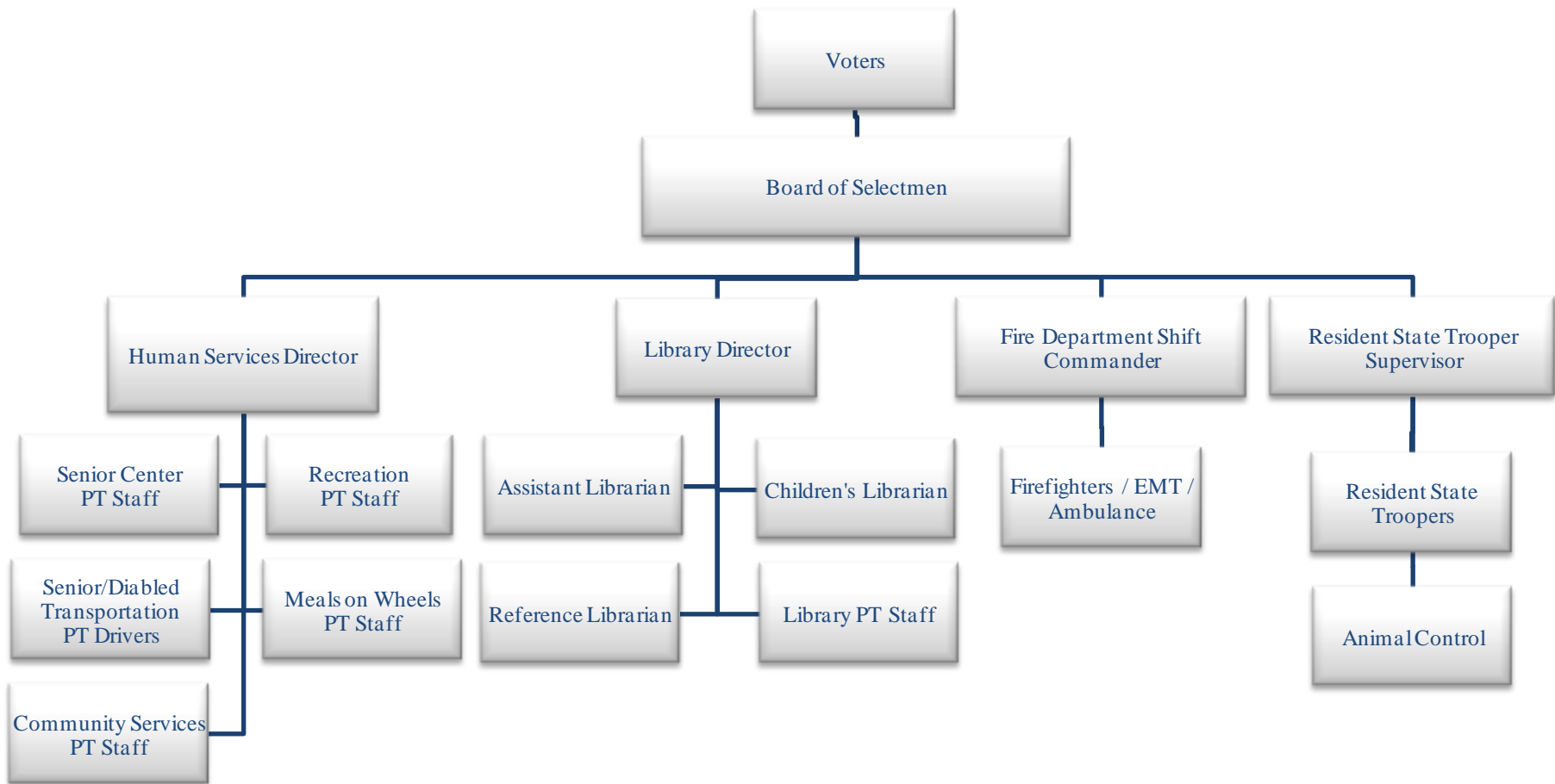
**Town of Somers
Connecticut**

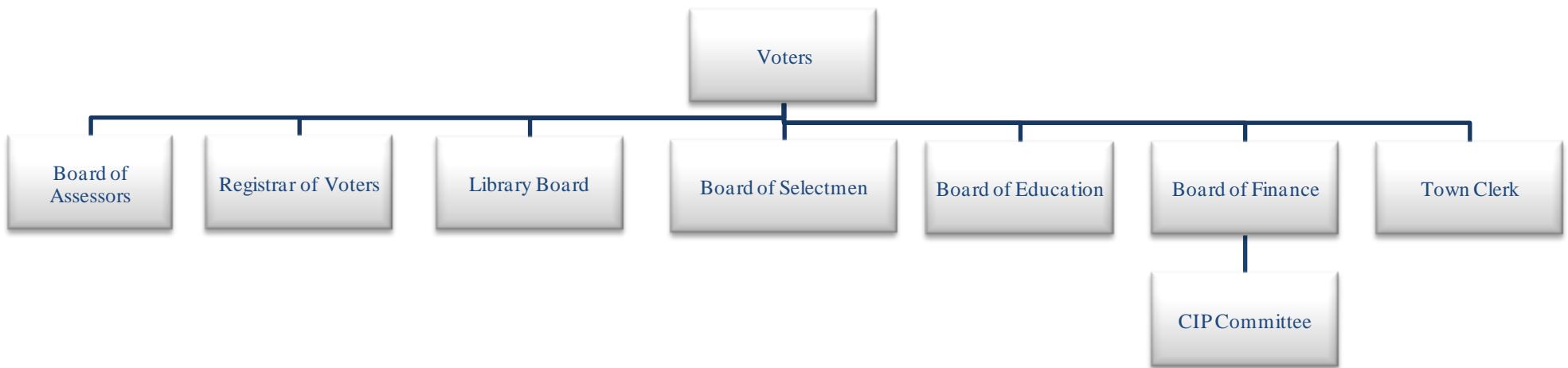
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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.....Michael D. Marinaccio
Chief of Police.....Lisa Pellegrini
Collector of Taxes.....Sherri Czyz
Fire Chief.....Gary Schiessl
Human Services Director.....Vacant
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

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

BOARD OF FINANCE

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

FINANCIAL SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
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, 2014, 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 entity'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 entity'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, 2014, 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 on the Town's pension plans and other post-retirement benefit plan on pages 49 through 51 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 52 through 73 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 74 through 90 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 December 22, 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
December 22, 2014

Management's Discussion and Analysis

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014

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, 2014. 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 \$48,419,256 (net position). Of this amount, \$6,129,427 (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 \$2,283,245 during the year ended June 30, 2014.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,168,127, an increase of \$1,004,684 over the prior year. Approximately 86.2%, or \$8,761,754, of this total amount is unrestricted (committed, assigned or unassigned) and approximately 54.0%, or \$5,491,267 of this total amount is unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$5,624,179.
- The Town's total principal balance on long and short-term debt, consisting of bonded debt and capital leases, increased by \$310,135 or 2.4% during the current year.

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, 2014

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 14 - 15 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 and the Capital Projects Fund, which are considered to be major funds. 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 16 - 21 of this report.

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014**

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 22 and 23 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

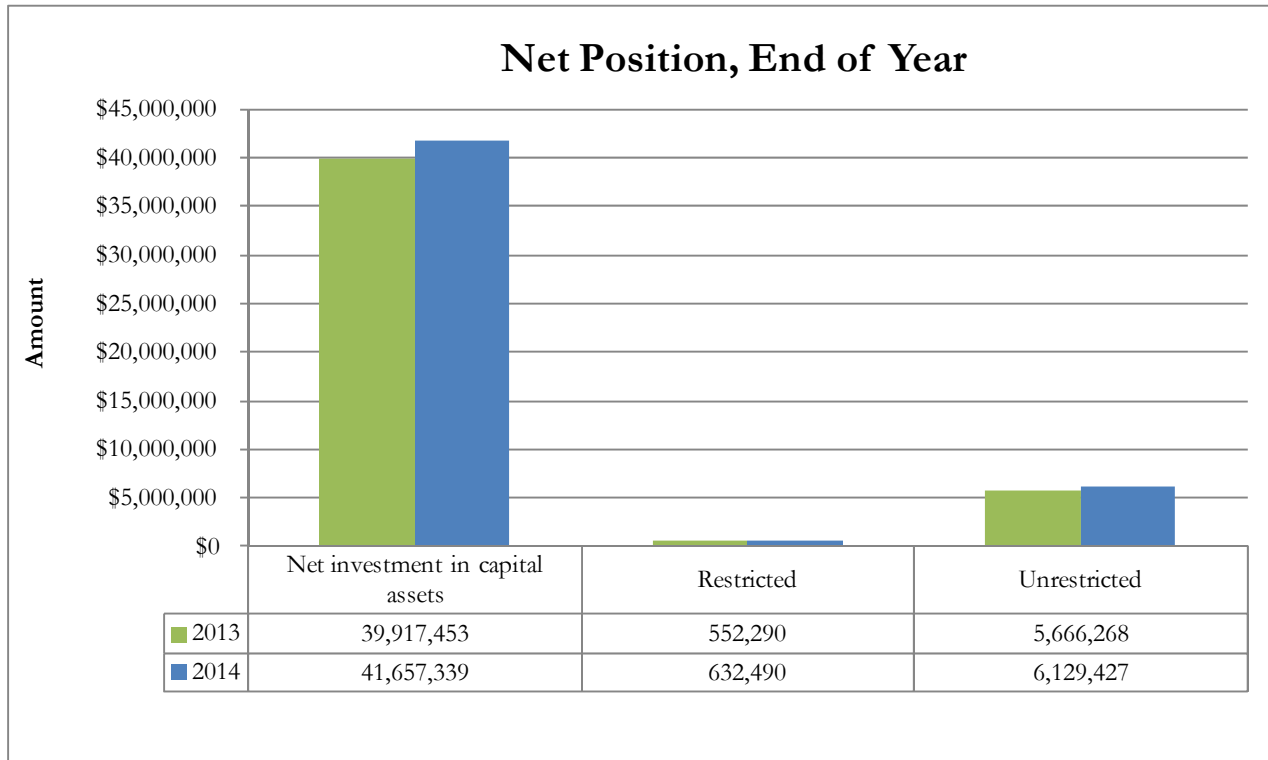
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$48,419,256 and \$46,136,011 as of June 30, 2014 and 2013, respectively and is summarized as follows:

	2014	2013
Current and other assets	\$ 13,367,319	\$ 11,783,567
Capital assets, net	54,310,952	52,616,322
Total assets	67,678,271	64,399,889
 Deferred outflows of resources	 627,824	 721,387
Current and other liabilities	2,436,021	1,976,941
Long-term liabilities	17,450,818	17,008,324
Total liabilities	19,886,839	18,985,265
 Net position:		
Net investment in capital assets	41,657,339	39,917,453
Restricted	632,490	552,290
Unrestricted	6,129,427	5,666,268
Total net position	\$ 48,419,256	\$ 46,136,011

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



86.0% and 86.5% of the Town's net position as of June 30, 2014 and 2013, respectively, 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.

1.3% and 1.2% of the Town's net position as of June 30, 2014 and 2013, respectively, 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 \$2,283,245 during the year ended June 30, 2014, compared to an increase of \$1,519,732 during the year ended June 30, 2013.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

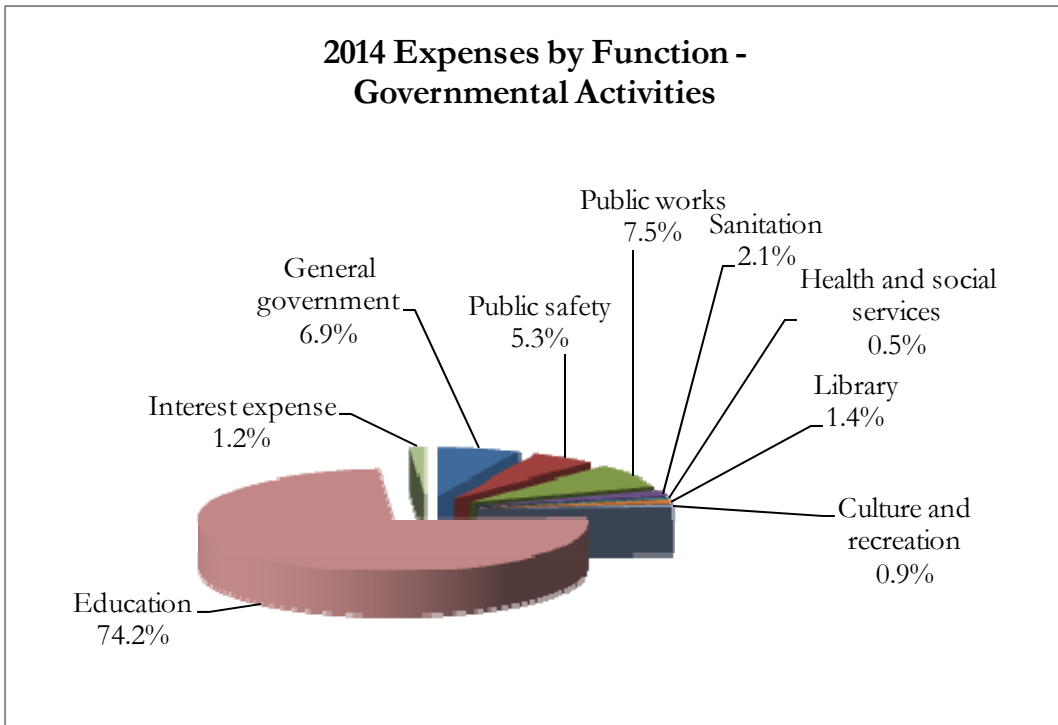
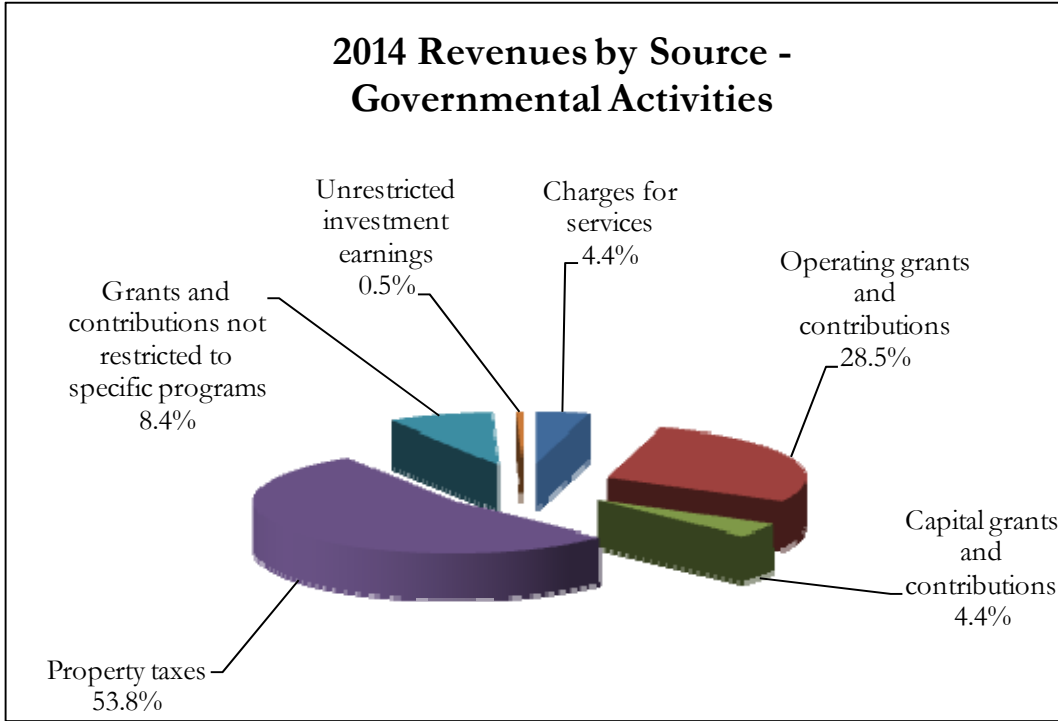
Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,574,416	\$ 1,991,258
Operating grants and contributions	10,288,334	9,546,817
Capital grants and contributions	1,573,883	134,708
General revenues:		
Property taxes	19,488,998	19,129,203
Grants and contributions not restricted to specific programs	3,049,172	3,193,542
Unrestricted investment earnings	184,182	124,247
Total revenues	<u>36,158,985</u>	<u>34,119,775</u>
Program expenses		
General government	2,325,664	2,157,177
Public safety	1,798,758	1,780,489
Public works	2,545,433	2,225,255
Sanitation	716,871	713,943
Health and social services	170,823	144,374
Library	476,667	482,812
Culture and recreation	288,716	264,883
Education	25,147,599	24,225,731
Interest expense	405,209	605,379
Total expenses	<u>33,875,740</u>	<u>32,600,043</u>
Change in net position	<u>\$ 2,283,245</u>	<u>\$ 1,519,732</u>

**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

Governmental activities increased the Town's net position by \$2,283,245 during the year ended June 30, 2014, compared to an increase of \$1,519,732 during the year ended June 30, 2013.

- Charges for services decreased by \$416,842 or -20.9% over the prior year. Current year charges for services were more in line with historical fees. During the year ended June 30, 2013, the Town benefited from higher than usual revenues from building permit fees.
- Capital grants and contributions increased by \$1,439,175 or 1,068.4% over the prior year. During the year ended June 30, 2013, there were no significant ongoing capital projects funded by grants. During the current year, the Town received a \$450,000 grant from the State of Connecticut Department of Energy and Environmental Protection to help offset the cost of the Town's purchase of approximately 174 acres of land to be held for public recreation. In addition, during the current year, the Town recognized approximately \$960,000 in federal and state grant revenue from the State of Connecticut Department of Transportation for the reimbursement of road improvements.
- General government expenses increased by \$168,487 or 7.8% over the prior year. During the current year, the Town incurred approximately \$96,000 in costs relating to the revaluation of all properties in Town.
- Education expenses increased by \$921,868 or 3.8% over the prior year. This increase was primarily driven by contractually required increases in salaries and benefits in addition to an increase in on-behalf payments made by the State of Connecticut into the State Teachers' Retirement fund.

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 \$10,168,127, an increase of \$1,004,684 over the prior year. Approximately 86.2%, or \$8,761,754, 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 \$6,816,289. Of this amount, \$5,624,179 represents unassigned fund balance that may be appropriated for future spending. The overall unassigned fund balance of the General Fund increased by \$673,565 during the year ended June 30, 2014.

The fund balance of the Town's General Fund increased by \$715,423 during the current fiscal year primarily due to a revenue surplus on federal and state grants as discussed further under General Fund Budgetary Highlights section of this overview and analysis.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Governmental Funds (Continued)

General Fund (Continued)

At the close of the current fiscal year, unassigned fund balance of the General Fund represented 19.1% of total General Fund expenditures, excluding on-behalf expenditures in the amount of \$2,566,866 paid by the State of Connecticut into the State's Teacher Retirement System. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.3 months of General Fund operating expenditures.

Capital Projects Fund

At the close of the current fiscal year, the fund balance of the Capital Projects Fund totaled \$1,060,980. A portion of the fund balance in the amount of \$198,750 represents unspent debt proceeds restricted for authorized projects. The overall fund balance for the Capital Projects Fund increased during the current fiscal year by \$221,906.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget for the year ended June 30, 2014 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 \$862,877. Expenditures were \$21,463 less than budgeted and revenues were \$633,332 higher than budgeted. Other financing sources were \$208,082 higher than expected.

The Town recognized a revenue surplus over budgetary intergovernmental revenues primarily due to the following:

- Grant revenue under the Pequot Indian program and payment in lieu of taxes on state owned property came in \$292,775 and \$177,198 higher than budgeted.
- The Town received an unbudgeted grant for additional emergency relief funding in the amount of \$137,850 to cover storm clean-up costs incurred in a prior year.

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, 2014 and 2013 totaled \$54,310,952 and \$52,616,322, 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 increase in the Town's investment in capital assets for the current fiscal year was \$1,694,630.

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

- Depreciation and amortization of capital assets in the amount of \$1,831,750.
- The purchase of approximately 174 acres of land to be held for public recreation in the amount of \$825,000.
- Approximately \$127,000 of technology upgrades at the Town's educational facilities.
- Approximately \$1,286,000 of vehicles to be used by for Town police services, senior services and fire services.
- Approximately \$1,200,000 of improvements to the Town's roads and the parking lot of the Town Hall.

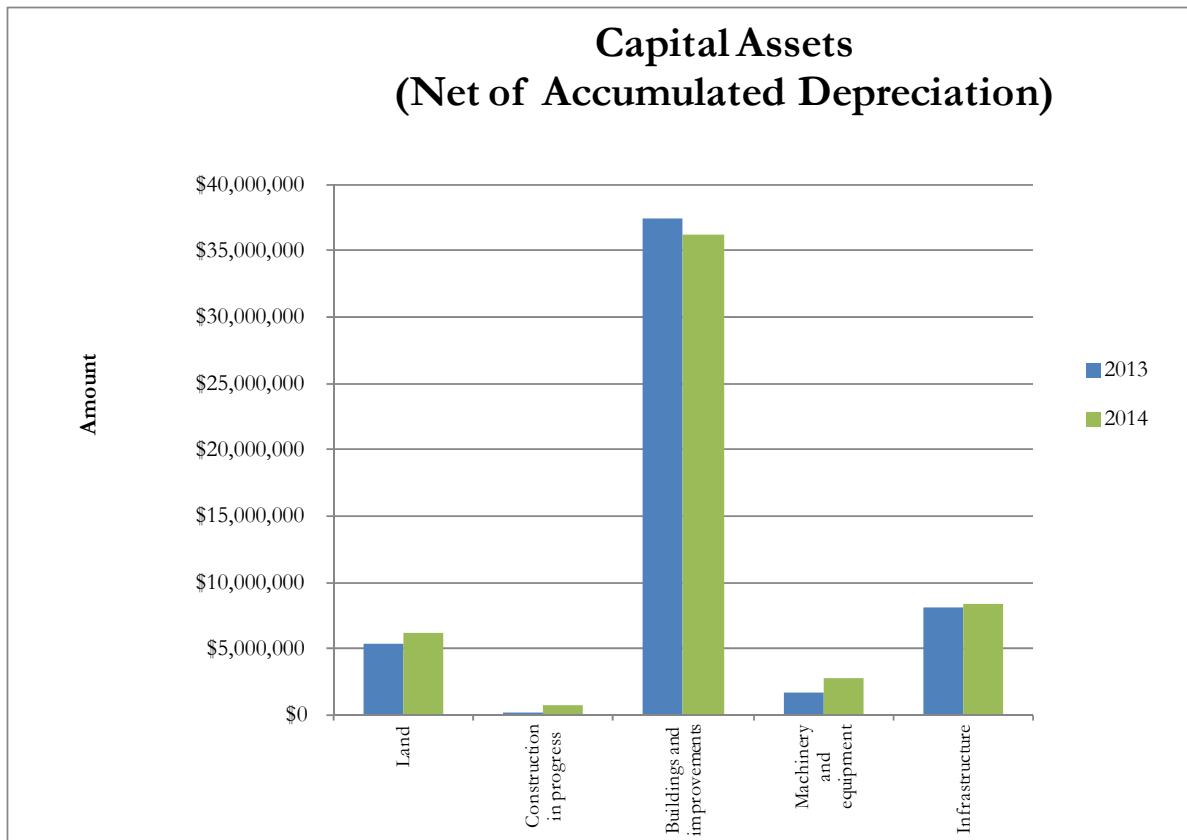
**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2014**

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:

	2014	2013
Land	\$ 6,161,758	\$ 5,336,758
Construction in progress	724,375	146,743
Buildings and improvements	36,271,326	37,423,883
Machinery and equipment	2,756,423	1,666,721
Infrastructure	8,397,070	8,042,217
Totals	\$ 54,310,952	\$ 52,616,322



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, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

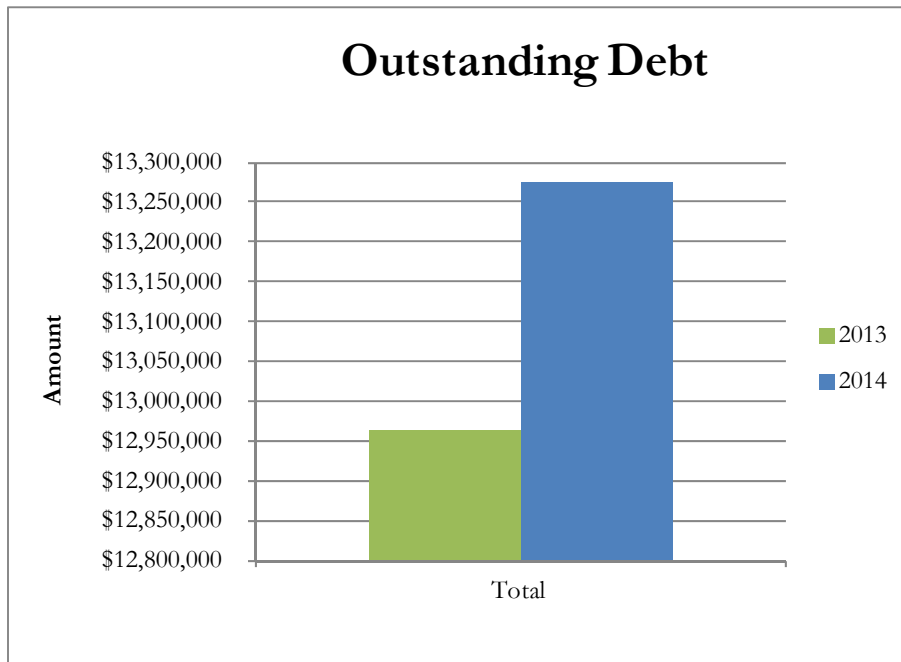
At the end of the current fiscal year, the Town had total long-term debt outstanding of \$13,274,331. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total long-term debt increased by \$310,135 during the current fiscal year due to the issuance of \$1,750,000 in bond anticipation notes payable, offset by schedule principal repayments of \$1,360,000 on general obligation bonds and \$79,865 on capital lease obligations. The proceeds from the bond anticipation notes are to be used for improvements to the Town's educational facilities and roads, and the purchase of a fire tanker truck and ambulance, a senior shuttle bus and a fire truck.

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 debt:

	2014	2013
General obligation bonds	\$ 11,140,000	\$ 12,500,000
Bond anticipation notes	1,750,000	-
Capital leases	384,331	464,196
Total	<u>\$ 13,274,331</u>	<u>\$ 12,964,196</u>



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, 2014**

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 2015, 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 2015.

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.

Basic Financial Statements

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,327,877
Investments	1,226,766
Receivables:	
Property taxes, interest and lien fees, net of allowance for uncollectibles of \$80,000	566,813
Assessments and user charges	110,940
Grants and contracts	961,923
Other	51,134
Net pension asset	121,866
Capital assets:	
Non-depreciable	6,886,133
Depreciable, net	47,424,819
Total assets	67,678,271
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refundings	627,824
 LIABILITIES	
Accounts payable	1,798,623
Accrued liabilities:	
Other	214,829
Accrued interest	137,982
Unearned revenue	284,587
Noncurrent liabilities:	
Due within one year	3,197,163
Due in more than one year	14,253,655
Total liabilities	19,886,839
 NET POSITION	
Net investment in capital assets	41,657,339
Restricted for:	
Library - Expendable	557,490
Library - Nonexpendable	75,000
Unrestricted	6,129,427
Total net position	\$ 48,419,256

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

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 2,325,664	\$ 576,834	\$ -	\$ -	\$ (1,748,830)
Public safety	1,798,758	307,782	171,609	-	(1,319,367)
Public works	2,545,433	-	335,747	1,123,883	(1,085,803)
Sanitation	716,871	133,313	7,775	-	(575,783)
Health and social services	170,823	58,282	17,165	-	(95,376)
Library	476,667	9,411	12,073	-	(455,183)
Culture and recreation	288,716	93,661	-	450,000	254,945
Education	25,147,599	395,133	9,743,965	-	(15,008,501)
Interest expense	405,209	-	-	-	(405,209)
Total governmental activities	<u>\$ 33,875,740</u>	<u>\$ 1,574,416</u>	<u>\$ 10,288,334</u>	<u>\$ 1,573,883</u>	<u>(20,439,107)</u>
General revenues:					
					19,488,998
					3,049,172
					184,182
					<u>22,722,352</u>
					2,283,245
					46,136,011
					<u>\$ 48,419,256</u>

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

TOWN OF SOMERS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,507,746	\$ 249,964	\$ 1,570,167	\$ 10,327,877
Investments	-	-	1,226,766	1,226,766
Receivables:				
Property taxes, interest and lien fees, net of allowance for uncollectibles of \$80,000	566,813	-	-	566,813
Assessments and user charges	-	-	110,940	110,940
Grants and contracts	-	811,016	13,417	824,433
Other	518	-	48,667	49,185
Due from other funds	1,949	-	1,026,834	1,028,783
Advances to other funds	185,098	-	-	185,098
Total assets	<u>\$ 9,262,124</u>	<u>\$ 1,060,980</u>	<u>\$ 3,996,791</u>	<u>\$ 14,319,895</u>
LIABILITIES				
Accounts payable	\$ 1,191,261	\$ 443,826	\$ 163,536	\$ 1,798,623
Accrued liabilities	210,380	-	4,449	214,829
Due to other funds	328,598	390,786	307,450	1,026,834
Unearned revenue	233,358	-	51,229	284,587
Advances from other fund	-	-	185,098	185,098
Total liabilities	<u>1,963,597</u>	<u>834,612</u>	<u>711,762</u>	<u>3,509,971</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>482,238</u>	<u>-</u>	<u>159,559</u>	<u>641,797</u>
FUND BALANCES				
Nonspendable	185,098	-	75,000	260,098
Restricted for:				
Capital purposes	-	198,750	390,035	588,785
Other purposes	-	-	557,490	557,490
Committed for:				
Capital purposes	-	27,618	632,809	660,427
Other purposes	846,845	-	1,603,048	2,449,893
Assigned	160,167	-	-	160,167
Unassigned	5,624,179	-	(132,912)	5,491,267
Total fund balances	<u>6,816,289</u>	<u>226,368</u>	<u>3,125,470</u>	<u>10,168,127</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,262,124</u>	<u>\$ 1,060,980</u>	<u>\$ 3,996,791</u>	<u>\$ 14,319,895</u>

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

TOWN OF SOMERS, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances for governmental funds	\$	10,168,127
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.		54,310,952
School construction grants receivable from the State of Connecticut are not susceptible to accrual and, therefore, are not reported in the governmental funds.		137,490
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.		627,824
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.		641,797
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	\$	(11,140,000)
Bond anticipation notes payable		(1,750,000)
Premium on bonds payable		(397,141)
Obligations under capital lease		(384,331)
Accrued interest payable		(137,982)
Other long-term liabilities:		
Compensated absences		(1,185,221)
Landfill postclosure care costs		(154,000)
Net OPEB obligation		(2,440,125)
Total long-term liabilities		<u>(17,588,800)</u>
Net position of governmental activities	\$	<u><u>48,419,256</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, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 19,400,489	\$ -	\$ -	\$ 19,400,489
Intergovernmental	12,786,529	1,123,883	1,001,196	14,911,608
Charges for services	743,024	-	819,792	1,562,816
Investment income	11,042	385	172,755	184,182
Miscellaneous	-	-	25,107	25,107
Total revenues	32,941,084	1,124,268	2,018,850	36,084,202
EXPENDITURES				
Current:				
General government	2,240,095	-	-	2,240,095
Public safety	1,463,618	-	89,432	1,553,050
Public works	1,976,826	-	1,400	1,978,226
Sanitation	466,798	-	97,219	564,017
Health and social services	66,608	-	94,177	160,785
Library	428,311	-	30,268	458,579
Culture and recreation	249,641	-	12,065	261,706
Education	23,416,325	-	902,327	24,318,652
Debt service:				
Principal payments	1,360,000	-	79,865	1,439,865
Interest and fiscal charges	365,693	-	10,077	375,770
Debt issuance costs	40,000	-	-	40,000
Capital outlays	-	1,218,362	2,220,411	3,438,773
Total expenditures	32,073,915	1,218,362	3,537,241	36,829,518
Excess (deficiency) of revenues over expenditures	867,169	(94,094)	(1,518,391)	(745,316)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond anticipation notes	-	266,000	1,484,000	1,750,000
Transfers in	240,000	50,000	345,246	635,246
Transfers out	(391,746)	-	(243,500)	(635,246)
Total other financing sources (uses)	(151,746)	316,000	1,585,746	1,750,000
Net change in fund balances	715,423	221,906	67,355	1,004,684
Fund balances - beginning	6,100,866	4,462	3,058,115	9,163,443
Fund balances - ending	\$ 6,816,289	\$ 226,368	\$ 3,125,470	\$ 10,168,127

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, 2014**

Net change in fund balances for governmental funds \$ 1,004,684

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	\$ 3,526,380	
Depreciation and amortization expense	(1,831,750)	
Net adjustment		1,694,630

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:		
Bond anticipation notes payable	(1,750,000)	
Principal repayments:		
Bonds payable	1,360,000	
Obligations under capital lease	79,865	
Net adjustment		(310,135)

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: 100,109

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, 2014

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. \$ (25,326)

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	\$	43,981	
Accrued interest		45,205	
Amortization of deferred charge on refundings		(93,563)	
Amortization of bond premium		58,919	
Landfill postclosure care costs		14,000	
Net pension obligation		26,072	
Net OPEB obligation		(275,331)	
			(180,717)
Change in net position of governmental activities			\$ 2,283,245

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 19,415,280	\$ 19,415,280	\$ 19,400,489	\$ (14,791)
Intergovernmental	9,116,285	9,116,285	9,674,927	558,642
Charges for services	656,585	656,585	750,024	93,439
Investment earnings	15,000	15,000	11,042	(3,958)
Total revenues	<u>29,203,150</u>	<u>29,203,150</u>	<u>29,836,482</u>	<u>633,332</u>
EXPENDITURES				
Current:				
General government	2,286,401	2,197,405	2,171,634	(25,771)
Public safety	1,360,929	1,395,538	1,383,195	(12,343)
Public works	1,914,269	1,967,534	1,940,088	(27,446)
Sanitation	485,421	490,910	489,060	(1,850)
Health and social services	77,881	73,096	69,716	(3,380)
Library	434,021	435,097	430,664	(4,433)
Culture and recreation	236,907	256,249	254,864	(1,385)
Education	20,357,880	20,357,880	20,356,670	(1,210)
Miscellaneous	40,000	20,000	76,355	56,355
Debt service	1,765,693	1,765,693	1,765,693	-
Total expenditures	<u>28,959,402</u>	<u>28,959,402</u>	<u>28,937,939</u>	<u>(21,463)</u>
Excess of revenues over expenditures	243,748	243,748	898,543	654,795
OTHER FINANCING SOURCES (USES)				
Prior year unliquidated encumbrances	-	-	158,080	158,080
Transfers in	190,000	190,000	240,000	50,000
Transfers out	(433,748)	(433,748)	(433,746)	2
Total other financing sources (uses)	<u>(243,748)</u>	<u>(243,748)</u>	<u>(35,666)</u>	<u>208,082</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	862,877	<u>\$ 862,877</u>
Fund balance - beginning			<u>5,701,037</u>	
Fund balance - ending			<u>\$ 6,563,914</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, 2014

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 614,625	\$ 235,215
Investments:		
Fixed income securities	1,468,357	-
Certificate of deposit	119,970	-
Mutual funds	1,429,594	-
Common stocks	3,018,976	-
Other	42,208	-
Contributions receivable	166,031	-
Total assets	<u>6,859,761</u>	<u>\$ 235,215</u>
LIABILITIES		
Due to other funds	1,949	-
Due to others	-	235,215
Total liabilities	<u>1,949</u>	<u>\$ 235,215</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 6,857,812</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, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 453,938
Plan members	135,627
Total contributions	<u>589,565</u>
Investment earnings:	
Interest and dividends	223,304
Net appreciation in the fair value of investments, net of investment fees	652,996
Total investment earnings, net	<u>876,300</u>
Total additions	<u>1,465,865</u>
 DEDUCTIONS	
Benefit payments	249,314
Administrative expenses	12,518
Total deductions	<u>261,832</u>
Change in net position	1,204,033
Net position - beginning	<u>5,653,779</u>
Net position - ending	<u><u>\$ 6,857,812</u></u>

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014.

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, 2014

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.

Capital Projects Fund - This fund is used to account for revenues and expenditures associated with the construction of Town facilities and infrastructure.

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, 2014

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.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, effective July 1, 2013. GASB Statement No. 67 replaced 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*. The implementation of GASB Statement No. 67 resulted in changes to the disclosures and required supplementary information relating to the Town's defined benefit pension plans. The implementation of GASB Statement No. 67 had no impact on the Town's financial position or on the financial position of the Town's Pension Trust Funds.

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, 2014

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, 2014

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, 2014

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, 2014

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. Funds are assigned through the approval of a valid purchase order resulting in an encumbering of the funds as of year end.

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, 2014

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, 2014

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, 2014:

	<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	\$ 29,836,482	\$ 28,937,939	\$ (35,666)	\$ 862,877
"On-behalf" payments - State Teachers Retirement Fund	2,566,866	2,566,866	-	-
Intergovernmental grants netted with expenses	544,736	544,736	-	-
Other reconciling item	(7,000)	-	-	(7,000)
Perspective differences:				
Reserve for Revaluation Fund	-	95,892	42,000	(53,892)
Education - Self-insurance Fund	-	(51,947)	-	51,947
Encumbrances:				
Outstanding - June 30, 2013	-	88,649	-	(88,649)
Outstanding - June 30, 2014	-	(108,220)	-	108,220
Prior year unliquidated	-	-	(158,080)	(158,080)
GAAP basis	<u>\$ 32,941,084</u>	<u>\$ 32,073,915</u>	<u>\$ (151,746)</u>	<u>\$ 715,423</u>

DEFICIT FUND EQUITY

The School Construction Fund, which is a nonmajor fund, has a deficit fund balance as of June 30, 2014 of \$132,912. The deficit does not constitute a violation of statutory provisions. The Town plans to fund the deficit through a final grant reimbursement from the State of Connecticut upon completion of the final project audit.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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, 2014, the carrying amount of the Town's cash deposits was \$3,278,956. As of June 30, 2014, \$2,571,833 of the Town's bank balance of \$3,398,832 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	2,314,650
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name		257,183
	\$	<u>2,571,833</u>

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, 2014 is as follows:

Government-wide statement of net position:		
Cash and cash equivalents	\$	10,327,877
Less: cash equivalents considered investments for disclosure purposes		<u>(7,404,106)</u>
		<u>2,923,771</u>
Statement of fiduciary net position:		
Cash and cash equivalents		849,840
Less: cash equivalents considered investments for disclosure purposes		(614,625)
Add: investment considered cash deposit for disclosure purposes		<u>119,970</u>
		<u>355,185</u>
	\$	<u>3,278,956</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2014, 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:					
Money market mutual funds	\$ 4,272,845	\$ 4,272,845	\$ -	\$ -	\$ -
Short Term Investment Fund (STIF)	3,211,099	3,211,099	-	-	-
Corporate bonds	1,224,065	59,997	337,180	681,493	145,395
Cooperative Liquid Asset Security System (CLASS)	534,787	534,787	-	-	-
Preferred stocks	199,676	153,039	-	-	46,637
Municipal bonds	70,665	-	-	-	70,665
Government securities	23,899	-	23,899	-	-
	<u>9,537,036</u>	<u>\$ 8,231,767</u>	<u>\$ 361,079</u>	<u>\$ 681,493</u>	<u>\$ 262,697</u>
Other investments:					
Common stocks	3,271,550				
Mutual funds	2,353,838				
Real estate investment trust	42,208				
	<u>\$ 15,204,632</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, 2014 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,226,766
Add: cash equivalents considered investments for disclosure purposes	<u>7,404,106</u>
	<u>8,630,872</u>
Statement of fiduciary net position:	
Investments	6,079,105
Add: cash equivalents considered investments for disclosure purposes	614,625
Less: investments considered cash deposits for disclosure purposes	<u>(119,970)</u>
	<u>6,573,760</u>
	<u>\$ 15,204,632</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, 2014

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, 2014:

Investment type	Fair Value	AAA	AA	A	BBB	Unrated
Debt Securities:						
Money market mutual funds	\$ 4,272,845	\$ -	\$ -	\$ -	\$ -	\$ 4,272,845
Short Term Investment Fund (STIF)	3,211,099	3,211,099	-	-	-	-
Corporate bonds	1,224,065	-	111,131	372,145	740,789	-
Cooperative Liquid Asset Security System (CLASS)	534,787	534,787	-	-	-	-
Preferred stocks	199,676	-	7,077	122,048	50,086	20,465
Municipal bonds	70,665	70,665	-	-	-	-

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, 2014. 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. However, 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, 2014

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 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	\$ 825,000	\$ -	\$ 6,161,758
Construction in progress	146,743	581,872	(4,240)	724,375
Total capital assets, not being depreciated	<u>5,483,501</u>	<u>1,406,872</u>	<u>(4,240)</u>	<u>6,886,133</u>
Capital assets, being depreciated:				
Buildings and improvements	60,558,761	-	(172,240)	60,386,521
Machinery and equipment	5,617,983	1,432,998	-	7,050,981
Infrastructure	15,823,732	686,510	(4,333)	16,505,909
Total capital assets, being depreciated	<u>82,000,476</u>	<u>2,119,508</u>	<u>(176,573)</u>	<u>83,943,411</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(23,134,878)	(1,156,797)	176,480	(24,115,195)
Machinery and equipment	(3,951,262)	(343,296)	-	(4,294,558)
Infrastructure	(7,781,515)	(331,657)	4,333	(8,108,839)
Total accumulated depreciation and amortization	<u>(34,867,655)</u>	<u>(1,831,750)</u>	<u>180,813</u>	<u>(36,518,592)</u>
Total capital assets, being depreciated, net	<u>47,132,821</u>	<u>287,758</u>	<u>4,240</u>	<u>47,424,819</u>
Governmental activities capital assets, net	<u>\$ 52,616,322</u>	<u>\$ 1,694,630</u>	<u>\$ -</u>	<u>\$ 54,310,952</u>

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

Governmental activities:	
General government	\$ 85,569
Public safety	271,780
Public works	394,621
Sanitation	166,854
Health and social services	10,038
Library	27,010
Culture and recreation	18,088
Education	857,790
Total depreciation and amortization expense	<u>\$ 1,831,750</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 185,098
General Fund	Pension Trust Funds	1,949
		<u>187,047</u>
Nonmajor Governmental Funds	Capital Projects Fund	390,786
Nonmajor Governmental Funds	General Fund	328,598
Nonmajor Governmental Funds	Nonmajor Governmental Funds	307,450
		<u>636,048</u>
		<u>\$ 1,213,881</u>

Except for the balances due to the General Fund from the Water Fund, the Sewer Maintenance Fund and the School Construction 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. The General Fund advanced funds to the Sewer Fund to fund sewer project costs prior to assessment collections being received by the Sewer Fund. The General Fund advanced funds to the School Construction Fund to fund project costs prior to receipt of the final grant reimbursement due from the State of Connecticut. The Town intends to liquidate the amounts due to the General Fund from the Water Fund and the Sewer Fund through future water and sewer assessment collections and user fees. The Town intends to liquidate the amount due to the General Fund from the School Construction Fund through future grant reimbursements from the State of Connecticut upon completion of a final project audit. It is anticipated that the \$26,086, the \$26,100, and the \$132,912 due to the General Fund from the Water Fund, Sewer Fund and the School Construction 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, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 240,000
Capital Projects Fund	General Fund	50,000
Nonmajor Governmental Funds	General Fund	341,746
	Nonmajor Governmental Funds	3,500
		<u>345,246</u>
		<u>\$ 635,246</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, 2014

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 12,500,000	\$ -	\$ (1,360,000)	\$ 11,140,000	\$ 1,045,000
Bond anticipation notes	-	2,795,000	(1,045,000)	1,750,000	1,750,000
Unamortized amounts:					
Premium on bonds issued	456,060	-	(58,919)	397,141	-
Total bonds payable	<u>12,956,060</u>	<u>2,795,000</u>	<u>(2,463,919)</u>	<u>13,287,141</u>	<u>2,795,000</u>
Other liabilities:					
Capital leases	464,196	-	(79,865)	384,331	81,589
Compensated absences	1,229,202	22,145	(66,126)	1,185,221	306,574
Landfill post closure care liability	168,000	-	(14,000)	154,000	14,000
Net pension obligation	26,072	-	(26,072)	-	-
Net OPEB obligation	2,164,794	275,331	-	2,440,125	-
	<u>\$ 17,008,324</u>	<u>\$ 3,092,476</u>	<u>\$ (2,649,982)</u>	<u>\$ 17,450,818</u>	<u>\$ 3,197,163</u>

Long-term liabilities have typically been liquidated in the General Fund.

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, 2014 was \$25,326 and \$285, respectively. Final reimbursements of principal and interest in the amounts of \$137,490 and \$2,376, respectively, are expected to be received during the year ended June 30, 2015.

DEBT REFUNDING

The Town has advanced refunded general obligation bonds in prior years. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in deferred charges on refundings in the amount of \$735,165. This amount, net of accumulated amortization of \$107,341 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 \$93,563 for the year ended June 30, 2014.

The outstanding principal of the defeased bonds totaled \$6,940,000 as of June 30, 2014.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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, 2014.

BOND ANTICIPATION NOTES

During August 2013, the Town issued \$1,045,000 in bond anticipation notes (the "2013 Notes"). The 2013 Notes bore an interest rate of 1.0% and matured in May 2014. The Town retired the 2013 Notes through the issuance of \$1,750,000 in bond anticipation notes (the "2014 Notes"). The 2014 Notes bore an interest rate of 1.0% and matured in November 2014. The purpose of the notes were to provide interim financing for improvements to the Town's educational facilities and roads, and the purchase of a fire tanker truck and ambulance, a senior shuttle bus and a fire truck. As more fully disclosed in Note 15, the Town retired the 2014 Notes through the issuance of general obligation bonds. Accordingly, the Town has recognized the proceeds from the 2014 Notes as an other financing source in the accompanying governmental funds statement of revenues, expenditures and changes in fund balances and has presented the 2014 Notes within long-term liabilities in the accompanying government-wide statement of net position.

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2014 is as follows:

Purpose of Bonds	Year of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
General obligation refunding bonds	2005	5,700,000	3.77%	7/2020	\$ 2,835,000
General obligation bonds	2007	7,100,000	4.00% - 5.00%	8/2016	1,080,000
General obligation refunding bonds	2012	7,610,000	2.00% - 3.00%	8/2027	7,225,000
					<u>\$ 11,140,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2014:

Year ending June 30:	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
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	1,115,000	169,771	1,284,771
2020 - 2024	4,230,000	409,509	4,639,509
2025 - 2028	1,665,000	63,918	1,728,918
	<u>\$ 11,140,000</u>	<u>\$ 1,696,387</u>	<u>\$ 12,836,387</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 7 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets under capital lease as of June 30, 2014 is as follows:

	Governmental Activities
Machinery and equipment	\$ 648,764
Less: accumulated amortization	126,338
	\$ 522,426

Amortization expense relative to leased property under capital leases as of June 30, 2014 totaled \$43,579 for the year ended June 30, 2014 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, 2014 are as follows:

Year ending June 30:	Governmental Activities
2015	\$ 89,942
2016	53,597
2017	19,299
2018	19,299
2019	19,299
Thereafter	246,065
Total minimum lease payments	447,501
Less: amount representing interest	63,170
Present value of minimum lease payments	\$ 384,331

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 11 years are estimated to be \$154,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 8 - FUND BALANCE

Restricted, committed and assigned fund balance as of June 30, 2014 consists of the following:

	Restricted	Committed	Assigned
Library operations	\$ 557,490	\$ -	\$ -
Other post-employment benefits	-	780,737	-
Revaluation	-	66,108	-
Sewer operations	-	384,010	-
Ambulance operations	-	294,092	-
Cemetery operations	-	708,795	-
Other purposes	-	216,151	-
Education - self-insurance	-	-	51,947
Encumbrances	-	-	108,220
	\$ 557,490	\$ 2,449,893	\$ 160,167

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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 Town has not yet implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which is effective for fiscal years beginning after June 15, 2014. GASB Statement No. 68 will require the Town to record the net pension liability of its defined benefit pension plan in its government-wide financial statements. The net pension liability has been disclosed below in accordance with the implementation of GASB Statement No. 67. The Town continues to apply the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which requires employers to recognize a net pension asset or obligation in its government-wide financial statements based on the cumulative difference between the annual pension cost and the amounts contributed to the plan.

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 - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. 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.

Investment policy - The Town policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectman for the Town Plan and Volunteer Firefighters' Plan and by the Board of Education for the Board of Education Plan. The Town pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Concentrations - The Plans' were not subject to concentration risk as of June 30, 2014 as none of the amounts invested with one issuer represented more than 5.0% of the total assets for each Plan. The Plans' investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements.

Rate of return - For the year ended June 30, 2014, the annual money-weighted rate of return on the Town Plan's, the Board of Education Plan's and the Volunteer Firefighters' Plan's pension plan investments, net of pension plan investment expense, was 16.8%, 13.8% and 28.5%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Membership

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

	Town Plan	Board of Education Plan	Firefighters' Plan
Retirees and beneficiaries currently receiving benefits	4	26	10
Vested terminated employees	5	6	30
Active employees	28	29	35
	37	61	75

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 4% for all other employees 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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

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.

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, 2014, employer contributions to the Town Plan represented approximately 14.2 % of covered payroll.

For the year ended June 30, 2014, employer contributions to the Board of Education Plan represented approximately 16.4% of covered payroll.

Net Pension Liability (Asset)

The components of the Town's net pension liability (asset) for each of its Plans as of June 30, 2014, were as follows:

	Town Plan	Board of Education Plan	Firefighters' Plan
Total pension liability	\$ 2,785,628	\$ 4,867,471	\$ 292,046
Plan fiduciary net position	(2,671,558)	(3,822,553)	(323,492)
Town's net pension liability (asset)	<u>\$ 114,070</u>	<u>\$ 1,044,918</u>	<u>\$ (31,446)</u>
Plan fiduciary net position as a percentage of the total pension liability	95.9%	78.5%	110.8%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liability (Asset) (Continued)

Actuarial assumptions - The total pension liabilities were determined by actuarial valuations as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

	Town Plan	Education Plan	Firefighters' Plan
Inflation	2.7%	2.0%	2.7%
Salary increases (average, including inflation)	4.0%	4.0%	Not applicable
Investment rate of return (net of investment expense)	6.5%	6.0%	6.5%

Mortality rates were based on the RP-2000 Unisex Healthy Annuitant Mortality Table, with adjustments to the valuation year for mortality improvements based on Scale AA.

The long-term expected rate of returns on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each of the Plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-term expected Real Rate of Return
Equity	5.8% - 8.7%
Fixed income	0.9% - 5.1%
Cash	0.0%

Discount rate - The discount rate used to measure the total pension liability for the Town Plan, Board of Education Plan and the Volunteer Firefighters' Plan was 6.5%, 6.0% and 6.5%, respectively. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the each of the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on each Plan's investments were applied to all periods of projected benefit payments to determine each Plan's total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability (asset) for each Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension liability (asset) would be for each of the Plans if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rates		
	-1.0%	Current	+1.0%
Town Plan - Net pension liability (asset)	\$ 423,921	\$ 114,070	\$ (150,914)
Board of Education Plan - Net pension liability	1,541,690	1,044,710	615,199
Firefighters' Plan - Net pension liability (asset)	12,533	(31,446)	(66,942)

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Annual Pension Cost and Net Pension Obligation (Asset)

The following presents the Town's net pension obligation (asset) as of June 30, 2014 and the related change in the net pension asset for the year ended June 30, 2014 for each of the Plans:

	Town Plan	Board of Education Plan	Firefighters' Plan
Annual required contribution	\$ 186,330	\$ 256,031	\$ 11,577
Interest on net pension (asset) obligation	(8,531)	(175)	1,651
Adjustment to annual required contribution	8,531	(2,318)	(25,230)
Annual pension cost	186,330	253,538	(12,002)
Contributions made	186,330	256,031	11,577
Increase (decrease) in net pension (asset) obligation	-	(2,493)	(23,579)
Net pension (asset) obligation, beginning of year	(121,866)	2,493	23,579
Net pension (asset) obligation, end of year	<u>\$ (121,866)</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2014, Town teachers contributed \$750,697 to the plan and covered payroll for the year was \$10,354,441.

The Town has reported "on-behalf" payments of \$2,566,866 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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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.

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	\$ 473,565
Interest on net OPEB obligation	58,796
Adjustment to annual required contribution	<u>(88,230)</u>
Annual OPEB cost	444,131
Contributions made	<u>168,800</u>
Increase in net pension obligation	275,331
Net OPEB obligation, beginning of the year	<u>2,164,794</u>
Net OPEB obligation, end of the year	<u><u>\$ 2,440,125</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2013 and 2012 are as follows:

<u>Year Ended</u> <u>June 30:</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2014	\$ 444,131	38.0%	\$ 2,440,125
2013	423,051	30.8%	2,164,794
2012	418,569	31.0%	1,872,013

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 (the date of the most recent actuarial valuation) was as follows:

<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(A)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Projected Unit Credit</u> <u>Cost Method (B)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll</u> <u>(C)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u> <u>((B-A)/C)</u>
\$ -	\$ 6,604,341	\$ 6,604,341	0.0%	\$ 12,480,000	52.9%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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, including 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.

Valuation date:	July 1, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	30 years, open
Asset valuation method:	Not applicable
Actuarial assumptions:	
Inflation Rate	2.0%
Discount Rate	3.5%
Healthcare cost trend rate	9% initial
	5% final

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:

NOTE 11 - 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.

The Town provides dental coverage to employees of the Board of Education through a self-insured plan. The Town retains the risk of loss under the plan. Claims are processed by a third party administrator. The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2014. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2014

NOTE 12 - 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 13 - 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. Amounts contributed by the Town into this plan totaled \$15,906 for the year ended June 30, 2014. 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 14 - RECENTLY ISSUED ACCOUNTING STANDARDS

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. Management is currently evaluating the effect implementation of this standard will have on its financial statements.

NOTE 15 - SUBSEQUENT EVENT

During November 2014, the Town issued \$5,320,000 in general obligation bonds for the purpose of permanently financing improvements to the Town's educational facilities (\$1,053,000) and roads (\$2,605,000) and the purchases of a fire tanker truck and ambulance (\$565,000), senior shuttle bus (\$52,000) and a fire truck (\$1,045,000). The proceeds from the bonds were partially used to retire bond anticipation notes in the amount of \$1,750,000 that matured on November 5, 2014. Annual principal payments on the bonds commence November 1, 2015 and interest is payable semi-annually at rates ranging from 2.0% to 4.0% through November 1, 2034, the maturity date.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF TOWN CONTRIBUTIONS
AND INVESTMENT RETURNS - PENSION (Unaudited)**

	<u>Town Plan 2014</u>	<u>Board of Education Plan 2014</u>	<u>Volunteer Firefighters' Plan 2014</u>
Actuarially determined contribution	\$ 186,330	\$ 256,031	\$ 11,577
Contributions in relation to actuarially determined contribution	<u>186,330</u>	<u>256,031</u>	<u>11,577</u>
Excess (deficiency) of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,315,154	\$ 1,558,932	Not applicable
Contributions as a percentage of covered employee payroll	14.2%	16.4%	Not applicable
Annual money-weighted rate of return, net of investment expense	16.8%	13.8%	28.5%
Notes to Schedule:			
Valuation Dates	7/1/2013	7/1/2013	7/1/2013
Methods and assumptions used to determine contribution rates:			
	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial cost method	Closed	Closed	Closed
Amortization method	12 yrs	20 yrs	12 yrs
Remaining amortization period	Market Value	Market Value	Market Value
Asset valuation method	6.5%	6.0%	6.5%
Investment rate of return	4.0%	4.0%	Not applicable
Salary increases	65	65	65
Retirement age			

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION
LIABILITY AND RELATED RATIOS - PENSION (Unaudited)

	Town Plan 2014	Board of Education Plan 2014	Volunteer Firefighters' Plan 2014
Total pension liability			
Service cost	\$ 162,595	\$ 183,963	\$ 6,092
Interest	171,627	284,622	18,377
Changes in assumptions	-	(165,334)	-
Benefit payments, including refunds	(52,004)	(179,476)	(17,836)
Net change in total pension liability	282,218	123,775	6,633
Total pension liability - beginning	2,503,410	4,743,696	285,413
Total pension liability - ending	2,785,628	4,867,471	292,046
Plan net position			
Contributions - employer	186,330	256,031	11,577
Contributions - members	79,388	56,031	-
Net investment income	377,680	386,335	72,286
Benefit payments, including refunds	(52,004)	(179,476)	(17,836)
Administrative expenses	-	(12,516)	-
Net change in plan net position	591,394	506,405	66,027
Plan net position - beginning	2,080,164	3,316,148	257,465
Plan net position - ending	2,671,558	3,822,553	323,492
Town's net pension liability (asset)	\$ 114,070	\$ 1,044,918	\$ (31,446)
Plan net pension as percentage of total pension liability	95.9%	78.5%	110.8%
Covered employee payroll	\$ 1,315,154	\$ 1,558,932	Not applicable
Town net pension liability as a percentage of covered employee payroll	8.7%	67.0%	Not applicable

Notes to Schedule:

Benefit Changes: None noted

Assumption Changes: None noted

The Town began to report this schedule when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS -
OTHER POST-RETIREMENT BENEFIT PLAN (Unaudited)

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 and Board of Education OPEB Plan						
July 1, 2012	\$ -	\$ 6,604,341	\$ 6,604,341	\$ -	\$ 12,480,000	52.9%
July 1, 2010	-	5,795,161	5,795,161	-	11,290,000	51.3%
July 1, 2008	-	9,324,241	9,324,241	-	12,766,882	73.0%

See accompanying Independent Auditor's Report

Combining and Individual Fund Statements and Schedules

Governmental Funds

General Fund

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Revenues from property taxes	\$ 19,369,528	\$ 19,369,528	\$ 19,308,084	\$ (61,444)
Interest and lien fees	45,752	45,752	92,405	46,653
Total property taxes	<u>19,415,280</u>	<u>19,415,280</u>	<u>19,400,489</u>	<u>(14,791)</u>
INTERGOVERNMENTAL				
Education and transportation grants	6,012,601	6,012,601	6,093,073	80,472
Pequot Indian grant	1,266,464	1,266,464	1,559,239	292,775
Payment in lieu of tax, state property	1,202,118	1,202,118	1,379,316	177,198
Town aid road program	270,368	270,368	270,096	(272)
Emergency relief funding	-	-	137,850	137,850
Property tax relief grants	81,260	81,260	72,790	(8,470)
Municipal project grant	-	-	65,651	65,651
Police grants	30,000	30,000	33,759	3,759
School building grants	5,000	5,000	25,611	20,611
Miscellaneous grants	19,200	19,200	23,909	4,709
Telephone tax	18,000	18,000	13,633	(4,367)
Local capital improvement grants	211,274	211,274	-	(211,274)
Total intergovernmental	<u>9,116,285</u>	<u>9,116,285</u>	<u>9,674,927</u>	<u>558,642</u>
CHARGES FOR SERVICES				
Building permit fees	125,000	125,000	118,261	(6,739)
Bulky waste fees	100,000	100,000	95,894	(4,106)
Cell tower rentals	70,000	70,000	73,651	3,651
Conveyance taxes	50,000	50,000	73,100	23,100
Town clerk fees	51,000	51,000	65,570	14,570
Transfer station permit fees	55,000	55,000	51,864	(3,136)
Recreation fees	35,000	35,000	41,520	6,520
Police service fees	10,000	10,000	34,439	24,439
Tuition	25,000	25,000	26,975	1,975
Summer camp fees	35,000	35,000	26,728	(8,272)
Other recycling	16,000	16,000	25,828	9,828
Property sales	2,000	2,000	22,926	20,926
Other revenue	10,000	10,000	28,207	18,207
Sanitarian fees	17,575	17,575	18,276	701
Brush and wood fees	14,650	14,650	7,856	(6,794)
Fire marshal fees	3,540	3,540	6,020	2,480
Zoning Commission fees	500	500	5,465	4,965
Metal recycling	15,070	15,070	4,664	(10,406)
Pistol permit fees	3,500	3,500	3,430	(70)
Camp program fees	5,000	5,000	3,342	(1,658)
Property rentals	2,000	2,000	3,250	1,250
Mini bus donations	2,000	2,000	3,100	1,100
Planning Commission fees	-	-	3,025	3,025
Generator rebate	-	-	2,782	2,782

See accompanying Independent Auditor's Report.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
CHARGES FOR SERVICES <i>(Continued)</i>				
Fire watch service fees	\$ 250	\$ 250	\$ 2,360	\$ 2,110
Other licenses and permit fees	2,000	2,000	911	(1,089)
Conservation Commission fees	1,000	1,000	625	(375)
Zoning Board of Appeals fees	1,000	1,000	-	(1,000)
Zoning permit fees	4,500	4,500	(45)	(4,545)
Total charges for services	<u>656,585</u>	<u>656,585</u>	<u>750,024</u>	<u>93,439</u>
INVESTMENT EARNINGS	<u>15,000</u>	<u>15,000</u>	<u>11,042</u>	<u>(3,958)</u>
Total revenues	<u>29,203,150</u>	<u>29,203,150</u>	<u>29,836,482</u>	<u>633,332</u>
OTHER FINANCING SOURCES				
Prior year unliquidated encumbrances	-	-	158,080	158,080
Operating transfer in from the Ambulance Fund	190,000	190,000	190,000	-
Operating transfer in from the Cemetery Fund	-	-	50,000	50,000
Total other financing sources	<u>190,000</u>	<u>190,000</u>	<u>398,080</u>	<u>208,080</u>
Total revenues and other financing sources	<u>\$ 29,393,150</u>	<u>\$ 29,393,150</u>	<u>\$ 30,234,562</u>	<u>\$ 841,412</u>

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Board of Assessment Appeals	\$ 100	\$ 100	\$ 94	\$ (6)
Board of Finance	45,750	49,900	49,288	(612)
Assessor	93,486	94,642	94,463	(179)
Finance	172,478	200,242	200,090	(152)
Selectmen	505,012	369,522	356,236	(13,286)
Building Department	76,335	76,335	74,977	(1,358)
Conservation	16,204	16,240	15,780	(460)
Election	21,050	21,050	19,409	(1,641)
Employee Benefits	952,313	952,862	952,862	-
Information Technology	96,258	96,676	92,354	(4,322)
Land Use	110,757	110,613	110,276	(337)
Planning	1,700	2,095	1,885	(210)
Probate Court	7,000	7,000	6,901	(99)
Tax Collector	82,654	95,693	95,692	(1)
Town Clerk	100,729	100,291	97,515	(2,776)
Zoning Board of Appeals	1,825	2,243	2,243	-
Zoning	2,750	1,901	1,569	(332)
Total general government	<u>2,286,401</u>	<u>2,197,405</u>	<u>2,171,634</u>	<u>(25,771)</u>
PUBLIC SAFETY				
Fire Marshall	51,057	51,057	46,570	(4,487)
Fire Protection	583,326	617,325	610,748	(6,577)
Police Protection	715,753	715,753	714,474	(1,279)
Civil Preparedness	10,793	11,403	11,403	-
Total public safety	<u>1,360,929</u>	<u>1,395,538</u>	<u>1,383,195</u>	<u>(12,343)</u>
PUBLIC WORKS				
Town Facilities	452,893	494,636	492,651	(1,985)
Highway Department	725,184	742,159	717,219	(24,940)
Public Works	695,392	698,092	697,846	(246)
Park and Recreation Maintenance	40,800	32,647	32,372	(275)
Total public works	<u>1,914,269</u>	<u>1,967,534</u>	<u>1,940,088</u>	<u>(27,446)</u>
SANITATION				
Water Pollution Control Authority	74,041	74,041	73,864	(177)
Transfer Station	411,380	416,869	415,196	(1,673)
Total sanitation	<u>485,421</u>	<u>490,910</u>	<u>489,060</u>	<u>(1,850)</u>
HEALTH AND SOCIAL SERVICES				
Elderly Services	3,601	3,601	3,601	-
Ambulance	74,280	69,495	66,115	(3,380)
Total health and social services	<u>77,881</u>	<u>73,096</u>	<u>69,716</u>	<u>(3,380)</u>
LIBRARY				
	<u>434,021</u>	<u>435,097</u>	<u>430,664</u>	<u>(4,433)</u>
CULTURE AND RECREATION				
Recreation Commission	34,538	25,663	25,662	(1)
Senior Services	62,554	75,756	75,285	(471)
Senior and Disabled Transportation	52,141	54,657	54,630	(27)
Community Services	12,674	12,818	11,932	(886)
Self-support Programs	75,000	87,355	87,355	-
Total culture and recreation	<u>236,907</u>	<u>256,249</u>	<u>254,864</u>	<u>(1,385)</u>
MISCELLANEOUS				
	<u>40,000</u>	<u>20,000</u>	<u>76,355</u>	<u>56,355</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, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
EDUCATION				
Administrative salaries	\$ 1,237,728	\$ 1,237,728	\$ 1,234,359	\$ (3,369)
Forms and printing	11,500	11,500	7,082	(4,418)
Postage	11,195	11,195	10,821	(374)
Board of education	93,600	191,600	144,975	(46,625)
Instructional dues	21,285	21,285	21,078	(207)
Instructional salaries	9,243,133	9,148,133	9,196,871	48,738
Other instructional salaries	422,911	401,911	395,295	(6,616)
Clerical/aides salaries	1,310,143	1,310,143	1,324,764	14,621
Textbooks	86,400	86,400	81,247	(5,153)
Library books and supplies	13,750	13,750	9,661	(4,089)
Audio visual materials	10,400	10,400	5,574	(4,826)
Systemwide general supplies	44,800	44,800	44,777	(23)
Departmental supplies	112,910	112,910	92,897	(20,013)
Workbooks and texts	34,940	34,940	30,847	(4,093)
Travel and conferences in-service	31,350	31,350	27,460	(3,890)
Office supplies	9,225	9,225	6,168	(3,057)
Medical Advisor salary	500	500	500	-
Nurses' salaries	137,249	137,249	150,621	13,372
Health supplies	7,000	7,000	4,265	(2,735)
Regular transportation	650,000	668,000	665,893	(2,107)
Special education transportation	274,480	274,480	267,652	(6,828)
Athletic/field trip transportation	25,480	25,480	30,349	4,869
Maintenance salaries	669,765	659,765	659,814	49
Fuel	219,200	229,200	241,178	11,978
Electricity	347,977	347,977	354,668	6,691
Telephone	22,400	22,400	26,468	4,068
Propane gas	11,000	11,000	6,392	(4,608)
Custodial supplies	45,000	31,000	33,825	2,825
General maintenance	341,571	429,571	432,670	3,099
Equipment replacement	2,800	2,800	2,277	(523)
Insurance/social security	3,572,631	3,572,631	3,562,428	(10,203)
Equipment rental	52,440	52,440	45,983	(6,457)
Coaches	150,903	150,903	144,908	(5,995)
Activity advisors	29,828	29,828	30,978	1,150
Athletic equipment and supplies	72,716	72,716	57,596	(15,120)
Capital outlay and equipment	196,570	196,570	168,414	(28,156)
Tuition - non special education	119,000	45,000	81,766	36,766
Tuition - vocational education	8,000	8,000	7,200	(800)
Tuition - special education	693,200	693,200	734,280	41,080
Adult education	12,900	12,900	12,668	(232)
Total education	<u>20,357,880</u>	<u>20,357,880</u>	<u>20,356,670</u>	<u>(1,210)</u>
DEBT SERVICE	<u>1,765,693</u>	<u>1,765,693</u>	<u>1,765,693</u>	<u>-</u>
TOTAL EXPENDITURES	<u>28,959,402</u>	<u>28,959,402</u>	<u>28,937,939</u>	<u>(21,463)</u>
OTHER FINANCING USES				
Operating transfers out:				
Capital Equipment Fund	341,748	341,748	341,746	(2)
Capital Project Fund	50,000	50,000	50,000	-
Revaluation Fund	42,000	42,000	42,000	-
Total other financing uses	<u>433,748</u>	<u>433,748</u>	<u>433,746</u>	<u>(2)</u>
Total expenditures and other financing uses	<u>\$ 29,393,150</u>	<u>\$ 29,393,150</u>	<u>\$ 29,371,685</u>	<u>\$ (21,465)</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, 2014

Grand List Year	Balance Uncollected July 1, 2013	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2014
			Additions	Deductions			Taxes	Interest	Lien		
									Fees	Total	
2012	\$ -	\$ 19,349,621	\$ 16,964	\$ 77,947	\$ -	\$ 19,288,638	\$ 19,038,264	\$ 52,603	\$ 1,590	\$ 19,092,457	\$ 250,374
2011	221,815	-	106	12,723	(402)	208,796	127,357	24,057	1,783	153,197	81,439
2010	82,813	-	27	1,152	(8,841)	72,847	31,404	8,617	385	40,406	41,443
2009	20,765	-	-	187	(20)	20,558	5,593	1,092	51	6,736	14,965
2008	10,062	-	-	41	(5)	10,016	363	281	-	644	9,653
2007	11,362	-	-	132	(11)	11,219	908	509	-	1,417	10,311
2006	14,185	-	-	11	-	14,174	931	562	-	1,493	13,243
2005	11,721	-	-	93	-	11,628	499	229	-	728	11,129
2004	13,035	-	-	93	(68)	12,874	1,608	378	-	1,986	11,266
2003	14,917	-	-	-	(101)	14,816	3,886	178	-	4,064	10,930
2002	916	-	-	-	-	916	916	-	-	916	-
2001	246	-	-	-	-	246	246	-	-	246	-
2000	-	-	-	-	-	-	-	-	-	-	-
1999	312	-	-	-	-	312	68	-	-	68	244
1998 and prior	354	-	-	-	-	354	108	-	-	108	246
	<u>\$ 402,503</u>	<u>\$ 19,349,621</u>	<u>\$ 17,097</u>	<u>\$ 92,379</u>	<u>\$ (9,448)</u>	<u>\$ 19,667,394</u>	<u>\$ 19,212,151</u>	<u>\$ 88,506</u>	<u>\$ 3,809</u>	<u>\$ 19,304,466</u>	<u>\$ 455,243</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, 2014**

Total cash collections for the year ended
June 30, 2014:

Taxes	\$ 19,212,151
Interest and lien fees	92,315
	<u>19,304,466</u>

Reimbursement for revenue loss:

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

\$ 19,376,891

	<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	\$ 43,598,005	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	87,196,010	-	-	-
3-3/4 times base	-	-	72,663,341	-	-
3-1/4 times base	-	-	-	62,974,896	-
3 times base	-	-	-	-	58,130,673
Total debt limitation	<u>43,598,005</u>	<u>87,196,010</u>	<u>72,663,341</u>	<u>62,974,896</u>	<u>58,130,673</u>
Indebtedness:					
Bonds payable	5,528,528	5,611,472	-	-	-
Bond anticipation note payable	1,489,000	261,000	-	-	-
Authorized, but unissued	2,779,000	792,000	-	-	-
Less: school building grants to be provided by State	-	(137,490)	-	-	-
Total indebtedness	<u>9,796,528</u>	<u>6,526,982</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 33,801,477</u>	<u>\$ 80,669,028</u>	<u>\$ 72,663,341</u>	<u>\$ 62,974,896</u>	<u>\$ 58,130,673</u>
Total capacity of borrowing (7 times base)	\$ 135,638,237				
Total present indebtedness	<u>16,323,510</u>				
Margin for additional borrowing	<u>\$ 119,314,727</u>				

See accompanying Independent Auditor's Report.

Combining Statements

PERMANENT FUND

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

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

TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

	<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	\$ 1,324,419	\$ 166,028	\$ 79,720	\$ 1,570,167
Investments	673,996	-	552,770	1,226,766
Receivables:				
Assessments and user charges	110,940	-	-	110,940
Grants and contracts	13,417	-	-	13,417
Other	48,667	-	-	48,667
Due from other funds	102,192	924,642	-	1,026,834
Total assets	<u>\$ 2,273,631</u>	<u>\$ 1,090,670</u>	<u>\$ 632,490</u>	<u>\$ 3,996,791</u>
LIABILITIES				
Accounts payable	\$ 95,710	\$ 67,826	\$ -	\$ 163,536
Accrued liabilities	4,449	-	-	4,449
Due to other funds	307,450	-	-	307,450
Unearned revenue	51,229	-	-	51,229
Advances from other fund	52,186	132,912	-	185,098
Total liabilities	<u>511,024</u>	<u>200,738</u>	<u>-</u>	<u>711,762</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>159,559</u>	<u>-</u>	<u>-</u>	<u>159,559</u>
FUND BALANCES				
Nonspendable	-	-	75,000	75,000
Restricted for:				
Capital purposes	-	390,035	-	390,035
Other purposes	-	-	557,490	557,490
Committed for:				
Capital purposes	-	632,809	-	632,809
Other purposes	1,603,048	-	-	1,603,048
Unassigned	<u>-</u>	<u>(132,912)</u>	<u>-</u>	<u>(132,912)</u>
Total fund balances	<u>1,603,048</u>	<u>889,932</u>	<u>632,490</u>	<u>3,125,470</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,273,631</u>	<u>\$ 1,090,670</u>	<u>\$ 632,490</u>	<u>\$ 3,996,791</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, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Library Trust Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 551,196	\$ 450,000	\$ -	\$ 1,001,196
Charges for services	812,078	7,714	-	819,792
Investment income	85,694	561	86,500	172,755
Miscellaneous	25,107	-	-	25,107
Total revenues	<u>1,474,075</u>	<u>458,275</u>	<u>86,500</u>	<u>2,018,850</u>
EXPENDITURES				
Current:				
Public safety	89,432	-	-	89,432
Public works	1,400	-	-	1,400
Sanitation	97,219	-	-	97,219
Health and social services	94,177	-	-	94,177
Library	27,468	-	2,800	30,268
Culture and recreation	12,065	-	-	12,065
Education	902,327	-	-	902,327
Debt service:				
Principal payments	-	79,865	-	79,865
Interest and fiscal charges	-	10,077	-	10,077
Capital outlays	-	2,220,411	-	2,220,411
Total expenditures	<u>1,224,088</u>	<u>2,310,353</u>	<u>2,800</u>	<u>3,537,241</u>
Excess (deficiency) of revenues over expenditures	249,987	(1,852,078)	83,700	(1,518,391)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond anticipation notes	-	1,484,000	-	1,484,000
Transfers in	3,500	341,746	-	345,246
Transfers out	(240,000)	-	(3,500)	(243,500)
Total other financing sources (uses)	<u>(236,500)</u>	<u>1,825,746</u>	<u>(3,500)</u>	<u>1,585,746</u>
Net change in fund balances	13,487	(26,332)	80,200	67,355
Fund balances - beginning	<u>1,589,561</u>	<u>916,264</u>	<u>552,290</u>	<u>3,058,115</u>
Fund balances - ending	<u>\$ 1,603,048</u>	<u>\$ 889,932</u>	<u>\$ 632,490</u>	<u>\$ 3,125,470</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, 2014**

	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	\$ 92,028	\$ 107,422	\$ 74,671	\$ 13,095	\$ -	\$ 21,439	\$ 12,459	\$ 6,137
Investments	-	-	-	-	-	-	-	-
Receivables:								
Assessments and user charges	-	-	-	-	-	-	-	67,600
Grants and contracts	-	3,666	1,976	-	-	-	-	7,775
Other	-	-	-	-	-	-	-	48
Due from other funds	-	-	-	25	9,710	-	-	21,859
Total assets	<u>\$ 92,028</u>	<u>\$ 111,088</u>	<u>\$ 76,647</u>	<u>\$ 13,120</u>	<u>\$ 9,710</u>	<u>\$ 21,439</u>	<u>\$ 12,459</u>	<u>\$ 103,419</u>
LIABILITIES								
Accounts payable	\$ -	\$ 58,220	\$ -	\$ -	\$ 7,649	\$ -	\$ -	\$ -
Accrued liabilities	-	1,639	2,810	-	-	-	-	-
Due to other funds	91,848	-	-	-	-	6,076	-	-
Unearned revenue	-	51,229	-	-	-	-	-	-
Advances from other fund	-	-	-	-	-	-	-	26,086
Total liabilities	<u>91,848</u>	<u>111,088</u>	<u>2,810</u>	<u>-</u>	<u>7,649</u>	<u>6,076</u>	<u>-</u>	<u>26,086</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	-	-	67,600
FUND BALANCES								
Committed for other purposes	180	-	73,837	13,120	2,061	15,363	12,459	9,733
Total fund balances	<u>180</u>	<u>-</u>	<u>73,837</u>	<u>13,120</u>	<u>2,061</u>	<u>15,363</u>	<u>12,459</u>	<u>9,733</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,028</u>	<u>\$ 111,088</u>	<u>\$ 76,647</u>	<u>\$ 13,120</u>	<u>\$ 9,710</u>	<u>\$ 21,439</u>	<u>\$ 12,459</u>	<u>\$ 103,419</u>

See accompanying Independent Auditor's Report.

TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2014

	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Library Fund	Historic & Land Preservation Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 299,808	\$ 10,713	\$ 174,284	\$ 3,816	\$ 18,152	\$ 490,395	\$ 1,324,419
Investments	-	-	673,996	-	-	-	673,996
Receivables:							
Assessments and user charges	-	-	-	-	-	43,340	110,940
Grants and contracts	-	-	-	-	-	-	13,417
Other	48,619	-	-	-	-	-	48,667
Due from other funds	-	-	-	-	70,598	-	102,192
Total assets	<u>\$ 348,427</u>	<u>\$ 10,713</u>	<u>\$ 848,280</u>	<u>\$ 3,816</u>	<u>\$ 88,750</u>	<u>\$ 533,735</u>	<u>\$ 2,273,631</u>
LIABILITIES							
Accounts payable	\$ 5,672	\$ -	\$ 8,855	\$ -	\$ 13,881	\$ 1,433	\$ 95,710
Accrued liabilities	-	-	-	-	-	-	4,449
Due to other funds	44	-	130,630	-	-	78,852	307,450
Unearned revenue	-	-	-	-	-	-	51,229
Advances from other fund	-	-	-	-	-	26,100	52,186
Total liabilities	<u>5,716</u>	<u>-</u>	<u>139,485</u>	<u>-</u>	<u>13,881</u>	<u>106,385</u>	<u>511,024</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	48,619	-	-	-	-	43,340	159,559
FUND BALANCES							
Committed for other purposes	294,092	10,713	708,795	3,816	74,869	384,010	1,603,048
Total fund balances	<u>294,092</u>	<u>10,713</u>	<u>708,795</u>	<u>3,816</u>	<u>74,869</u>	<u>384,010</u>	<u>1,603,048</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 348,427</u>	<u>\$ 10,713</u>	<u>\$ 848,280</u>	<u>\$ 3,816</u>	<u>\$ 88,750</u>	<u>\$ 533,735</u>	<u>\$ 2,273,631</u>

See accompanying Independent Auditor's Report.

**TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

	Road Maintenance Fund	Educational Grants Fund	School Lunch Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Economic Development Fund	Water Fund
REVENUES								
Intergovernmental	\$ -	\$ 529,266	\$ 10,024	\$ -	\$ -	\$ -	\$ -	\$ 7,775
Charges for services	-	-	368,158	8,006	12,574	15,662	-	5,200
Investment income	127	-	153	6	-	-	6	48
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>127</u>	<u>529,266</u>	<u>378,335</u>	<u>8,012</u>	<u>12,574</u>	<u>15,662</u>	<u>6</u>	<u>13,023</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	13,998	8,529	-	-	-
Public works	1,400	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	7,775
Health and social services	-	-	-	-	-	14,959	-	-
Library	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Education	-	529,266	373,061	-	-	-	-	-
Total expenditures	<u>1,400</u>	<u>529,266</u>	<u>373,061</u>	<u>13,998</u>	<u>8,529</u>	<u>14,959</u>	<u>-</u>	<u>7,775</u>
Excess (deficiency) of revenues over expenditures	(1,273)	-	5,274	(5,986)	4,045	703	6	5,248
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,273)	-	5,274	(5,986)	4,045	703	6	5,248
Fund balances (deficit) - beginning	<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>
Fund balances - ending	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 73,837</u>	<u>\$ 13,120</u>	<u>\$ 2,061</u>	<u>\$ 15,363</u>	<u>\$ 12,459</u>	<u>\$ 9,733</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, 2014

	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Library Fund	Historic & Land Preservation Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,131	\$ -	\$ -	\$ 551,196
Charges for services	240,953	8,035	39,520	9,411	6,322	98,237	812,078
Investment income	276	4	84,681	-	26	367	85,694
Miscellaneous	-	-	17,165	7,942	-	-	25,107
Total revenues	<u>241,229</u>	<u>8,039</u>	<u>141,366</u>	<u>21,484</u>	<u>6,348</u>	<u>98,604</u>	<u>1,474,075</u>
EXPENDITURES							
Current:							
Public safety	66,905	-	-	-	-	-	89,432
Public works	-	-	-	-	-	-	1,400
Sanitation	-	-	-	-	-	89,444	97,219
Health and social services	-	-	79,218	-	-	-	94,177
Library	-	-	-	27,468	-	-	27,468
Culture and recreation	-	8,829	-	-	3,236	-	12,065
Education	-	-	-	-	-	-	902,327
Total expenditures	<u>66,905</u>	<u>8,829</u>	<u>79,218</u>	<u>27,468</u>	<u>3,236</u>	<u>89,444</u>	<u>1,224,088</u>
Excess (deficiency) of revenues over expenditures	174,324	(790)	62,148	(5,984)	3,112	9,160	249,987
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	3,500	-	-	3,500
Transfers out	(190,000)	-	(50,000)	-	-	-	(240,000)
Total other financing sources (uses)	<u>(190,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>(236,500)</u>
Net change in fund balances	(15,676)	(790)	12,148	(2,484)	3,112	9,160	13,487
Fund balances (deficit) - beginning	<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>
Fund balances - ending	<u>\$ 294,092</u>	<u>\$ 10,713</u>	<u>\$ 708,795</u>	<u>\$ 3,816</u>	<u>\$ 74,869</u>	<u>\$ 384,010</u>	<u>\$ 1,603,048</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 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, 2014**

	<u>Capital Equipment Fund</u>	<u>School Construction Fund</u>	<u>Municipal Open Space Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS				
Cash and cash equivalents	\$ 110,120	\$ -	\$ 55,908	\$ 166,028
Due from other funds	924,642	-	-	924,642
Total assets	<u>\$ 1,034,762</u>	<u>\$ -</u>	<u>\$ 55,908</u>	<u>\$ 1,090,670</u>
LIABILITIES				
Accounts payable	\$ 67,826	\$ -	\$ -	\$ 67,826
Advances from other fund	-	132,912	-	132,912
Total liabilities	<u>67,826</u>	<u>132,912</u>	<u>-</u>	<u>200,738</u>
FUND BALANCES				
Restricted for capital purposes	390,035	-	-	390,035
Committed for capital purposes	576,901	-	55,908	632,809
Unassigned	-	(132,912)	-	(132,912)
Total fund balances (deficit)	<u>966,936</u>	<u>(132,912)</u>	<u>55,908</u>	<u>889,932</u>
Total liabilities and fund balances	<u>\$ 1,034,762</u>	<u>\$ -</u>	<u>\$ 55,908</u>	<u>\$ 1,090,670</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, 2014**

	<u>Capital Equipment Fund</u>	<u>School Construction Fund</u>	<u>Municipal Open Space Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 450,000	\$ 450,000
Charges for services	-	-	7,714	7,714
Investment income	167	-	394	561
Total revenues	<u>167</u>	<u>-</u>	<u>458,108</u>	<u>458,275</u>
EXPENDITURES				
Debt service:				
Principal payments	79,865	-	-	79,865
Interest and fiscal charges	10,077	-	-	10,077
Capital outlays	<u>1,395,411</u>	<u>-</u>	<u>825,000</u>	<u>2,220,411</u>
Total expenditures	<u>1,485,353</u>	<u>-</u>	<u>825,000</u>	<u>2,310,353</u>
Deficiency of revenues over expenditures	(1,485,186)	-	(366,892)	(1,852,078)
OTHER FINANCING SOURCES				
Proceeds from bond anticipation notes	1,484,000	-	-	1,484,000
Transfers in	<u>341,746</u>	<u>-</u>	<u>-</u>	<u>341,746</u>
Total other financing sources	<u>1,825,746</u>	<u>-</u>	<u>-</u>	<u>1,825,746</u>
Net change in fund balances	340,560	-	(366,892)	(26,332)
Fund balances (deficit) - beginning	<u>626,376</u>	<u>(132,912)</u>	<u>422,800</u>	<u>916,264</u>
Fund balances (deficit) - ending	<u>\$ 966,936</u>	<u>\$ (132,912)</u>	<u>\$ 55,908</u>	<u>\$ 889,932</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, 2014

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 132,788	\$ 481,411	\$ 426	\$ 614,625
Investments:				
Fixed income securities	206,679	1,261,678	-	1,468,357
Certificate of deposit	119,970	-	-	119,970
Mutual funds	119,280	987,238	323,076	1,429,594
Common stock	2,094,780	924,196	-	3,018,976
Other	-	42,208	-	42,208
Contributions receivable	-	166,031	-	166,031
Total assets	<u>2,673,497</u>	<u>3,862,762</u>	<u>323,502</u>	<u>6,859,761</u>
LIABILITIES				
Due to other funds	<u>1,939</u>	<u>-</u>	<u>10</u>	<u>1,949</u>
Total liabilities	<u>1,939</u>	<u>-</u>	<u>10</u>	<u>1,949</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 2,671,558</u>	<u>\$ 3,862,762</u>	<u>\$ 323,492</u>	<u>\$ 6,857,812</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, 2014

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 186,330	\$ 256,031	\$ 11,577	\$ 453,938
Plan members	79,388	56,239	-	135,627
Total contributions	<u>265,718</u>	<u>312,270</u>	<u>11,577</u>	<u>589,565</u>
Investment earnings:				
Interest and dividends	101,252	112,320	9,732	223,304
Net appreciation in the fair value of investments, net of investment fees	276,428	314,014	62,554	652,996
Total investment earnings, net	<u>377,680</u>	<u>426,334</u>	<u>72,286</u>	<u>876,300</u>
Total additions	<u>643,398</u>	<u>738,604</u>	<u>83,863</u>	<u>1,465,865</u>
DEDUCTIONS				
Benefit payments	52,004	179,474	17,836	249,314
Administrative expenses	-	12,518	-	12,518
Total deductions	<u>52,004</u>	<u>191,992</u>	<u>17,836</u>	<u>261,832</u>
Change in net position	591,394	546,612	66,027	1,204,033
Net Position Held in Trust for				
Pension Benefits:				
Beginning	<u>2,080,164</u>	<u>3,316,150</u>	<u>257,465</u>	<u>5,653,779</u>
Ending	<u>\$ 2,671,558</u>	<u>\$ 3,862,762</u>	<u>\$ 323,492</u>	<u>\$ 6,857,812</u>

See accompanying Independent Auditor's Report.

**TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2014**

	Student Activities Funds	Bond Deposit Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 200,783	\$ 34,432	\$ 235,215
Total assets	\$ 200,783	\$ 34,432	\$ 235,215
LIABILITIES			
Due to others	\$ 200,783	\$ 34,432	\$ 235,215
Total liabilities	\$ 200,783	\$ 34,432	\$ 235,215

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, 2014**

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
Student Activities Funds				
Assets				
Cash and cash equivalents	\$ 161,701	\$ 738,247	\$ 699,165	\$ 200,783
Total assets	<u>\$ 161,701</u>	<u>\$ 738,247</u>	<u>\$ 699,165</u>	<u>\$ 200,783</u>
Liabilities				
Due to others	\$ 161,701	\$ 738,247	\$ 699,165	\$ 200,783
Total liabilities	<u>\$ 161,701</u>	<u>\$ 738,247</u>	<u>\$ 699,165</u>	<u>\$ 200,783</u>
Bond Deposit Fund				
Assets				
Cash and cash equivalents	\$ 48,732	\$ 4,000	\$ 18,300	\$ 34,432
Total assets	<u>\$ 48,732</u>	<u>\$ 4,000</u>	<u>\$ 18,300</u>	<u>\$ 34,432</u>
Liabilities				
Due to others	\$ 48,732	\$ 4,000	\$ 18,300	\$ 34,432
Total liabilities	<u>\$ 48,732</u>	<u>\$ 4,000</u>	<u>\$ 18,300</u>	<u>\$ 34,432</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 303,324	\$ 742,247	\$ 717,465	\$ 235,215
Total assets	<u>\$ 303,324</u>	<u>\$ 742,247</u>	<u>\$ 717,465</u>	<u>\$ 235,215</u>
Liabilities				
Due to others	\$ 303,324	\$ 742,247	\$ 717,465	\$ 235,215
Total liabilities	<u>\$ 303,324</u>	<u>\$ 742,247</u>	<u>\$ 717,465</u>	<u>\$ 235,215</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.

CONTENTS	<u>Page</u>
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.	75
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	81
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.	84
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.	86
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.	88

Sources: Unless otherwise noted, the information in the accompanying tables is derived from the comprehensive annual financial reports for the relevant year.

Table 1

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	\$ 27,600,663	\$ 34,091,150	\$ 35,304,308	\$ 36,774,384	\$ 38,094,992
Restricted	253,736	278,884	316,030	298,815	345,544
Unrestricted	8,748,455	5,663,831	7,664,624	7,953,501	7,095,822
Total governmental activities net position	<u>\$ 36,602,854</u>	<u>\$ 40,033,865</u>	<u>\$ 43,284,962</u>	<u>\$ 45,026,700</u>	<u>\$ 45,536,358</u>
	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 39,619,014	\$ 38,972,295	\$ 39,544,160	\$ 39,917,453	\$ 41,657,339
Restricted	375,142	467,790	685,697	552,290	632,490
Unrestricted	6,224,532	4,497,207	4,406,532	5,666,268	6,129,427
Total governmental activities net position	<u>\$ 46,218,688</u>	<u>\$ 43,937,292</u>	<u>\$ 44,636,389</u>	<u>\$ 46,136,011</u>	<u>\$ 48,419,256</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,325,664
Public safety	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	1,798,758
Public works	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	2,545,433
Sanitation (1)	843,904	913,546	903,235	855,350	941,549	793,200	829,323	815,396	713,943	716,871
Health and social services	103,826	114,724	111,926	123,753	79,031	311,741	175,649	159,253	144,374	170,823
Library	363,901	383,706	401,716	398,753	459,413	596,090	497,825	485,491	482,812	476,667
Culture and recreation	110,676	113,382	118,581	155,661	191,635	450,294	173,635	234,757	264,883	288,716
Education	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	25,147,599
Interest expense	879,729	948,729	887,476	985,345	866,922	760,415	679,951	600,495	605,379	405,209
Total governmental activities expenses	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	33,875,740
Program Revenues										
Governmental activities:										
Charges for services:										
General government	465,318	515,371	592,586	875,576	461,600	427,882	480,114	469,503	926,179	\$ 576,834
Public safety	135,387	177,044	270,742	253,105	260,037	316,922	263,266	292,985	282,149	307,782
Sanitation (1)	293,206	579,378	526,047	346,233	620,878	408,709	349,593	311,334	181,864	133,313
Health and social services	-	-	-	-	-	65,203	79,088	74,751	63,045	58,282
Library	-	-	-	-	-	-	-	-	16,873	9,411
Culture and recreation	91,092	98,666	81,799	106,933	65,084	184,493	136,993	148,914	123,409	93,661
Education	553,935	579,755	470,413	475,982	478,530	449,219	444,099	438,616	397,739	395,133
Operating grants and contributions	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	10,288,334
Capital grants and contributions	2,686,671	3,487,629	2,348,475	660,135	1,018,766	1,376,142	794,874	736,754	134,708	1,573,883
Total governmental activities program revenues	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	13,436,633
Net (Expense)/Revenue										
Governmental activities	(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)	(20,439,107)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes, levied for general purposes	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	19,488,998
Grants and contributions not restricted to specific programs	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	3,049,172
Unrestricted investment earnings	262,887	401,087	600,706	433,930	58,139	100,159	205,679	85,117	124,247	184,182
Miscellaneous	77,324	82,033	-	-	-	-	-	-	-	-
Total governmental activities	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	22,722,352
Special items - loss on sale of capital assets	-	-	-	-	-	-	2,215,750	-	-	-
Change in Net Position										
Governmental activities	\$ 2,274,477	\$ 3,431,011	\$ 3,251,097	\$ 1,741,738	\$ 509,658	\$ 682,330	\$ (2,281,396)	\$ 699,097	\$ 1,519,732	\$ 2,283,245

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

Table 3

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

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
General government	\$ 918,661	\$ 898,930	\$ 848,865	\$ 1,483,196	\$ 1,330,462
Public safety	174,687	396,797	293,221	453,624	408,559
Public works	46,646	135,281	278,406	118,329	107,462
Sanitation	299,181	579,378	526,047	346,233	620,878
Health and social services	4,889	22,303	5,335	6,559	5,335
Library	10,092	18,956	21,747	24,975	252,980
Culture and recreation	91,092	98,666	81,799	109,238	65,084
Education	8,714,796	10,332,579	9,540,073	14,932,755	9,305,382
Total governmental activities	<u>\$ 10,260,044</u>	<u>\$ 12,482,890</u>	<u>\$ 11,595,493</u>	<u>\$ 17,474,909</u>	<u>\$ 12,096,142</u>
Fiscal Year					
Function/Program	2010	2011	2012	2013	2014
Governmental activities:					
General government	\$ 429,478	\$ 626,782	\$ 486,206	\$ 934,326	\$ 576,834
Public safety	335,999	365,841	310,172	316,560	479,391
Public works	975,690	514,350	1,929,980	410,069	1,459,630
Sanitation	408,709	561,770	345,901	181,864	141,088
Health and social services	227,570	79,088	77,641	63,045	75,447
Library	382,459	86,966	77,083	20,185	21,484
Culture and recreation	338,773	293,610	131,671	123,409	543,661
Education	9,313,100	9,478,452	9,911,653	9,623,325	10,139,098
Total governmental activities	<u>\$ 12,411,778</u>	<u>\$ 12,411,778</u>	<u>\$ 13,270,307</u>	<u>\$ 11,672,783</u>	<u>\$ 13,436,633</u>

Table 4

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable	\$ 330,646	\$ 329,886	\$ 329,886	\$ 416,886
Unassigned	3,210,162	3,282,190	3,236,028	4,011,387
Total general fund	<u>\$ 3,540,808</u>	<u>\$ 3,612,076</u>	<u>\$ 3,565,914</u>	<u>\$ 4,428,273</u>
All Other Governmental Funds				
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	240,332	242,052	203,884	289,162
Committed	1,880,533	2,402,839	1,897,645	2,229,468
Unassigned	(132,248)	(252,444)	(1,846,852)	(517,590)
Total all other governmental funds	<u>\$ 2,063,617</u>	<u>\$ 2,467,447</u>	<u>\$ 329,677</u>	<u>\$ 2,076,040</u>

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
General Fund						
Nonspendable	\$ 549,764	\$ 421,071	\$ 401,863	\$ 93,474	\$ 74,786	\$ 185,098
Restricted	-	-	-	194,587	-	-
Committed	-	780,737	780,737	840,737	900,737	846,845
Assigned	-	-	-	179,364	246,729	160,167
Unassigned	4,823,278	4,166,099	3,314,760	3,806,587	4,878,614	5,624,179
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>	<u>\$ 6,816,289</u>
All Other Governmental Funds						
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	301,324	321,957	392,790	416,110	477,290	1,146,275
Committed	2,958,702	2,561,501	2,451,887	2,418,024	2,645,183	2,263,475
Unassigned	(247,351)	(245,285)	(209,695)	(142,366)	(134,896)	(132,912)
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>	<u>\$ 3,351,838</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 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	\$ 19,400,489
Intergovernmental	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	14,911,608
Charges for services	542,717	836,692	653,611	687,299	1,580,755	1,902,923	1,774,242	1,757,373	1,848,530	1,562,816
Investment income	262,890	401,087	600,706	433,869	58,139	100,159	205,679	85,117	124,247	184,182
Miscellaneous	1,196,592	1,344,801	1,358,499	1,626,222	344,259	422,446	127,551	81,710	123,225	25,107
Total revenues	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	36,084,202
Expenditures										
General government	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	2,240,095
Public safety	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	1,553,050
Public works	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	1,978,226
Sanitation	679,002	782,095	824,962	680,408	714,259	671,790	897,332	665,016	570,221	564,017
Health and social services	102,780	102,010	114,300	113,831	68,742	302,112	162,032	149,363	134,885	160,785
Library	339,105	352,409	371,440	366,299	398,098	417,900	468,247	458,881	457,280	458,579
Culture and recreation	93,993	111,326	105,968	137,518	174,799	480,064	149,018	216,937	247,785	261,706
Education	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	24,318,652
Miscellaneous	254,492	424,465	465,323	390,195	924,141	-	** 120,000	-	-	-
Debt service:										
Principal payments	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	1,439,865
Interest and fiscal charges	854,216	1,036,292	875,516	903,767	865,591	761,087	668,650	591,562	593,658	415,770
Capital outlays	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	3,438,773
Total expenditures	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	36,829,518
Excess of revenues over (under) expenditures	(3,314,872)	(2,847,124)	(709,473)	341,917	(2,572,392)	(379,637)	(1,047,639)	198,723	1,084,150	(745,316)

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

** - 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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	700,000	-	3,200,000	-	-	-	-	-	-	1,750,000
Premium on issuance of bond anticipation note	-	26,336	-	-	-	-	-	-	-	-
Payment of bond anticipation note	(2,100,000)	-	-	(3,200,000)	-	-	-	-	-	-
Capital leases	89,970	578,856	118,195	105,000	176,462	-	173,902	475,452	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	550,726	1,727,571	1,012,799	1,621,153	685,899	714,504	455,000	784,203	1,104,768	635,246
Transfers out	(550,726)	(1,727,571)	(1,012,799)	(1,621,153)	(685,899)	(714,504)	(455,000)	(784,203)	(1,104,768)	(635,246)
Total other financing sources (uses)	<u>3,789,970</u>	<u>663,192</u>	<u>3,318,195</u>	<u>4,010,417</u>	<u>176,462</u>	<u>-</u>	<u>173,902</u>	<u>475,452</u>	<u>197,787</u>	<u>1,750,000</u>
Net change in fund balances	<u>\$ 475,098</u>	<u>\$ (2,183,932)</u>	<u>\$ 2,608,722</u>	<u>\$ 4,352,334</u>	<u>\$ (2,395,930)</u>	<u>\$ (379,637)</u>	<u>\$ (873,737)</u>	<u>\$ 674,175</u>	<u>\$ 1,281,937</u>	<u>\$ 1,004,684</u>
Debt service as a percentage of noncapital expenditures	<u>8.6%</u>	<u>10.2%</u>	<u>10.5%</u>	<u>8.9%</u>	<u>10.3%</u>	<u>10.6%</u>	<u>8.9%</u>	<u>7.0%</u>	<u>6.8%</u>	<u>5.6%</u>

Table 6

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)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
							Total Direct Tax Rate		
2005	\$ 393,235,050	\$ 141,650,780	\$ 4,626,690	\$ 539,512,520	\$ 122,509,550	\$ 417,002,970	28.56	\$ 595,718,529	70.00%
2006	* 623,959,770	179,788,170	5,837,040	809,584,980	156,058,690	653,526,290	20.25	933,608,986	70.00%
2007	628,363,625	179,343,800	6,322,760	814,030,185	156,002,450	658,027,735	21.01	940,039,621	70.00%
2008	638,193,495	180,135,170	6,340,570	824,669,235	156,435,960	668,233,275	21.56	954,618,964	70.00%
2009	649,716,283	180,995,220	5,857,980	836,569,483	156,910,410	679,659,073	21.91	970,941,533	70.00%
2010	661,434,443	184,674,110	5,958,700	852,067,253	159,272,590	692,794,663	22.11	989,706,661	70.00%
2011	* 698,819,380	210,411,680	9,353,100	918,584,160	179,451,980	739,132,180	21.12	1,055,903,114	70.00%
2012	698,734,360	212,161,650	9,248,700	920,144,710	182,170,580	737,974,130	22.12	1,054,248,757	70.00%
2013	699,832,510	207,140,950	9,271,500	916,244,960	175,972,280	740,272,680	23.12	1,057,532,400	70.00%
2014	702,215,059	208,843,550	9,404,600	920,463,209	175,641,180	744,822,029	23.37	1,064,031,470	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.

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)**

<u>Taxpayer</u>	<u>2014</u>		<u>2005</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total Town Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
Connecticut Light & Power	7,358,820	0.80%	4,476,810	0.83%
Grower Direct Inc	2,785,870	0.30% (1)	2,531,900	0.47%
Conval Inc	2,435,350	0.26%	506,670	0.09%
The CT Water Company	2,314,020	0.25% (1)	874,845	0.16%
Somers Crossing LLC	2,070,400	0.22%	257,510	0.05%
Somers Recreation Inc	1,762,630	0.19%	1,147,950	0.21%
Housing Authority Town of Somers	1,680,000	0.18%	-	0.00%
Birkenshaw, David	1,659,680	0.18%	1,117,382	0.21%
Driving Range 349 Main Street LLC	1,357,880	0.15%	-	0.00%
Forty Scitico Road LLC	1,348,200	0.15%	-	0.00%
Total	<u>\$ 24,772,850</u>	<u>2.69%</u>	<u>\$ 10,913,067</u>	<u>2.02%</u>
Total Taxable Assessed Real Estate Value *	<u>\$ 920,463,209</u>		<u>\$ 539,512,520</u>	

* Total Taxable Assessed Real Estate Value before 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.

Table 8

TOWN OF SOMERS, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 14,020,021	\$ 13,839,346	98.71%	\$ 115,885	\$ 13,955,231	99.54%
2006	14,677,342	14,495,007	98.76%	67,979	14,562,986	99.22%
2007	15,438,818	15,258,285	98.83%	126,591	15,384,876	99.65%
2008	15,985,836	15,781,620	98.72%	162,930	15,944,550	99.74%
2009	16,622,495	16,457,607	99.01%	131,391	16,588,998	99.80%
2010	16,790,911	16,646,987	99.14%	112,950	16,759,937	99.82%
2011	17,038,590	16,827,615	98.76%	159,026	16,986,641	99.70%
2012	17,736,719	17,523,381	98.80%	143,184	17,666,565	99.60%
2013	18,591,286	18,369,471	98.81%	127,357	18,496,828	99.49%
2014	19,288,638	19,038,264	98.70%	-	19,038,264	98.70%

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

Table 9

TOWN OF SOMERS, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Actual Property Value	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases				
2005	\$ 19,510,000	\$ 1,400,000	\$ -	\$ 20,910,000	5.01%	7.45%	\$ 1,934
2006	18,185,000	-	-	18,185,000	1.95%	6.49%	1,684
2007	16,500,000	3,200,000	-	19,700,000	2.10%	7.01%	1,819
2008	21,680,000	3,200,000	-	24,880,000	2.61%	8.84%	2,293
2009	19,445,000	-	-	19,445,000	2.00%	6.88%	1,785
2010	17,325,000	-	-	17,325,000	1.75%	6.10%	1,582
2011	15,215,000	-	225,913	15,440,913	1.46%	4.35%	1,367
2012	13,595,000	-	573,996	14,168,996	1.34%	3.88%	1,220
2013	12,956,060	-	464,196	13,420,256	1.27%	3.34%	1,173
2014	11,537,141	1,750,000	384,331	13,671,472	1.28%	3.52%	1,179

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)**

	<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>	<u>2014</u>
Legal Debt Margin Calculation:										
Total capacity of borrowing (7 times base)	\$ 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	\$ 135,638,237
Total present indebtedness	<u>18,705,471</u>	<u>21,249,123</u>	<u>24,039,136</u>	<u>19,153,094</u>	<u>17,561,812</u>	<u>16,051,164</u>	<u>14,545,068</u>	<u>13,250,809</u>	<u>12,337,184</u>	<u>16,323,510</u>
Margin for additional borrowing	<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>	<u>\$ 119,314,727</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	19.00%	19.67%	22.22%	17.06%	14.97%	13.55%	12.16%	10.62%	9.45%	12.03%

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

Table 11

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

Year	(1) Population	Personal Income	(1) Per Capita Personal Income	(1) Median Age	Education Level in Years of Schooling	(2) School Enrollment	(3) Unemployment Rate
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%
2014	11,598	388,243,050	33,475	42.2	12.0	1,507	6.7%

(1) U.S. Department of Commerce, Bureau of Census, 2013 Estimate Update

(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>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>	<u>2014</u>
Function/Program										
General government										
Finance	2	2	2	2	2	2	2	2	2	3
Planning	1	1	1	1	-	-	-	-	-	-
Building	2	2	2	2	2	2	2	2	2	2
Other	9	9	9	10	10	9	9	9	7	7
Police										
Officers	2	2	2	1	1	1	1	2	2	4
Civilians	1	1	1	1	1	1	1	-	-	3
Fire										
Firefighters and officers	6	6	7	7	7	7	7	7	7	8
Refuse collection	4	4	4	3	3	3	3	2	-	2
Public works	12	11	11	9	8	8	8	9	13	8
Parks and recreation	2	2	2	3	3	2	2	1	2	4
Library	9	9	9	9	9	9	9	8	8	10
Sanitation	1	1	1	2	2	2	2	2	2	2
Transit	2	2	2	2	2	2	2	2	2	2
Total	<u>53</u>	<u>52</u>	<u>53</u>	<u>52</u>	<u>50</u>	<u>48</u>	<u>48</u>	<u>46</u>	<u>47</u>	<u>53</u>

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)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Criminal investigations	244	228	252	277	233	276	296	266	292	247
Motor vehicle accidents	167	131	109	144	150	140	127	133	130	130
DWI Arrests	40	20	42	28	17	19	24	33	36	29
Fire										
Emergency responses	440	440	528	522	907	932	1,058	1,225	999	929
Fires extinguished	33	33	29	41	26	15	23	25	21	28
Inspections	(1) 145	33	128	144	203	251	240	234	252	246
Refuse collection										
Refuse collected (tons per year)	3,795	3,900	4,041	3,943	3,794	2,810	4,345 (2)	3,733 (2)	4,693 (2)	3,053
Bulky waste (tons per year)	1,229	1,350	1,112	1,078	944	823	975	1,045	779	803
Recycling (tons per year)	-	-	-	-	-	-	- (2)	490 (2)	666 (2)	2,310
Other public works (miles)										
Street resurfacing	11	12	12	9	8	8	8	4	7	7
Paved surface	-	1	-	-	1	-	-	1	1	1
Crack sealing	-	-	-	-	-	3	3	6	2	3
Library										
Volumes in collection	46,674	48,324	56,930	57,218	54,605	51,305	53,698	56,139	57,822	59,488
Total volumes circulated	57,587	62,505	57,632	81,639	53,680	59,155	60,085	60,468	63,111	58,206
Water										
New connections	5	7	18	23	13	4	1	-	2	2
New well permits	15	34	16	19	15	9	13	7	7	6
Wastewater										
New septic permits	57	64	46	53	47	38	28	49	11	10
New sewer connections	1	1	25	17	11	14	2	2	6	4
Average yearly sewage treatment (thousands of gallons)/day	50	45	40	38	41	38	39	31	28	29
Transit (senior bus)										
Total route miles	24,189	21,500	24,000	25,732	24,732	21,200	28,596	25,486	23,039	25,383
Passengers	2,262	1,784	1,896	1,805	1,218	2,405	3,405	4,136	3,917	4,545

(1) Fire Marshall Inspections included "school construction inspections" as follows: 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)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	6	6	5	5	5	5	5	3
State patrol units	-	-	-	-	-	-	-	-	-	3
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	83.9	84.9	85.0	84.0	84.0	87.0	89.3	89.4	89.6	89.6
Highways (miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.8	8.0	8.0
Streetlights	3	3	3	3	3	3	30 (2)	450 (2)	450 (2)	450
Traffic signals	4	5	5	5	5	5	5	5	5	9
Parks and recreation										
Acreage	45.5	45.5	45.5	45.5	45.5	45.5	45.5	58.8	118.2	118.2
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	10	11	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	4.8 (1)	4.8 (1)	4.8 (1)	4.8
Fire hydrants	82	82	82	116	116	116	193	195	200	200
Storage capacity (thousands of gallons)	345	345	345	345	345	345	- (1)	- (1)	- (1)	-
Wastewater										
Sanitary sewers (miles)	4.1	4.1	4.1	4.3	4.3	4.3	4.3	4.3	3.8	3.8
Storm sewers (miles)	41	41	41	41	41	41	41	41	41	41
Treatment capacity (thousands of gallons)	65	65	65	100	100	100	100	100	97	97
Transit—minibuses	1	2	2	2	2	2	2	2	2	3

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

(2) Includes streetlights leased from CL&P

Source: Various Town departments.