

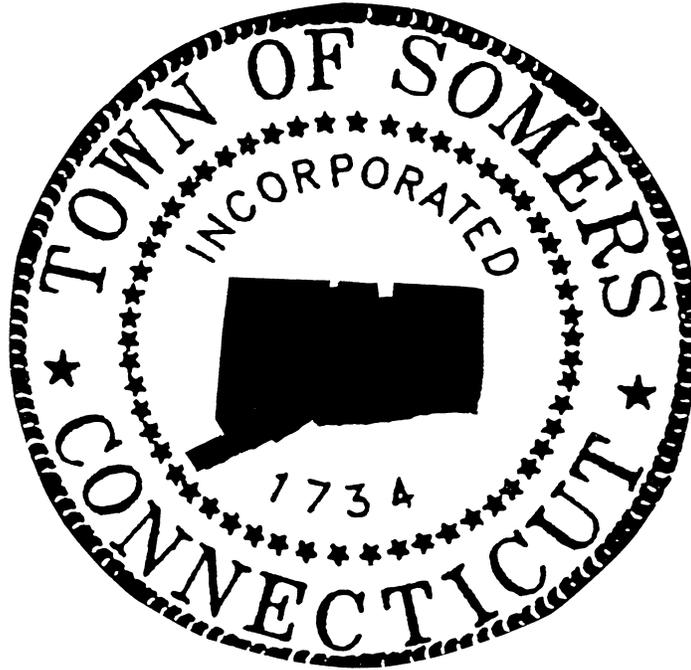
**TOWN OF SOMERS,  
CONNECTICUT**



**Comprehensive Annual  
Financial Report**

**For The Year Ended  
June 30, 2016**

**TOWN OF SOMERS,  
CONNECTICUT**



**Comprehensive Annual  
Financial Report**

**For The Year Ended  
June 30, 2016**

**Prepared by:**

**Finance & Treasury Department**

**TOWN OF SOMERS, CONNECTICUT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

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# **INTRODUCTORY SECTION**

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

December 12, 2016

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, 2016.

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, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the Town’s basic financial statements as of and for the fiscal year ended June 30, 2016, 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 State of Connecticut mandated “single audit” designed to meet the special needs of 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 state major programs. The State Single Audit reports are available in the Town’s separately issued State 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, 2016 population of 11,432. 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 comprehensive range of services to its citizens. Police protection is provided by one full-time police lieutenant, two full-time officers and two part-time officers supplemented by four resident state troopers. Fire and ambulance protection is provided by the Town's full time fire chief and a staff of four full time and seven part-time fire fighters during the day and by a volunteer force in the evenings and on weekends/holidays. In addition, 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 Town also has an educational campus where its Elementary, Middle, and High Schools are located.

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 Connecticut Department of Labor lists the August 2016 unemployment rate at 5.0% (not seasonally adjusted) which is lower than the state unemployment rate of 5.6%. Industry within the Town includes specialty manufacturing, small machine shops, a wholesale nursery, and a solar power farm. This light industry provides stable employment, however, the primary employment of Town residents is provided from the industry in neighboring communities in the area between Hartford, Connecticut and Springfield, Massachusetts. The Town is fortunate to have State of Connecticut-owned facilities that provide a stable revenue base in the form of revenues paid in lieu of taxes. The Town saw a significant, 27% increase in building permits compared to the prior fiscal year with an associated increase in the overall valuation of the 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 as needed into investment accounts. This idle cash is invested in the State Treasurer’s Short-Term Investment Fund and competitive bank investment funds including 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 took ownership of the Somersville Mill property in October, 2016 thus enabling it to commence clean up and remediation activities. The first priority is the demolition of the remaining buildings and the removal and proper disposal of the debris and rubble. The site will then be prepared for future development. This work is being undertaken with a brownfield grant from the Connecticut Department of Economic Development (DECD) to fund the clean-up of the site. The Town believes the remediation and restoration of the site will present it with the opportunity to restore the natural beauty of the riverfront, return the property to the tax rolls in a revenue producing capacity while offering potential recreational amenities.

The Town has completed a comprehensive buildings and facility assessment performed to determine the overall condition of the mechanical, electrical, plumbing, and fire protection systems of its major buildings. The resulting report identifies recommended improvements; establishes their priority; and provides cost estimates to repair or replace. The results will assist in the development of a comprehensive facilities long range capital improvement plan.

The Town is preparing to go out to bid for the Mountain Road Reconstruction Project. The project would improve the existing road grade and drainage along with resurfacing of the 2.6 miles of roadway. The plan is to have a contractor hired by January, 2017. Construction would then start in the spring of 2017 with project completion anticipated by the summer of 2018. The Town has received a State Small Town Economic Assistance Program (STEAP) Grant to supplement its existing bond funding of the project.

The Town has completed improvements to Police Station Parking lot located on Main Street. The project required the lowering of the parking lot to alleviate an existing awkward and unsafe entrance to the Police Station. This improvement also eliminated the need for stairs and now more adequately accommodates the needs of handicapped citizens. Also, correction of the sloped pavement will now reduce flooding of the parking lot during heavy rains. Funding for this project was entirely accomplished with the assistance of a State STEAP Grant.

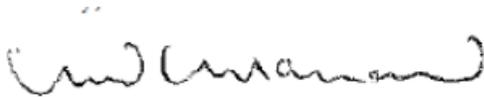
### **Awards and Acknowledgements**

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, 2015. This was the seventeenth 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 generally accepted accounting principles, governmental accounting standards, 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, written on a white background.

Michael D. Marinaccio  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

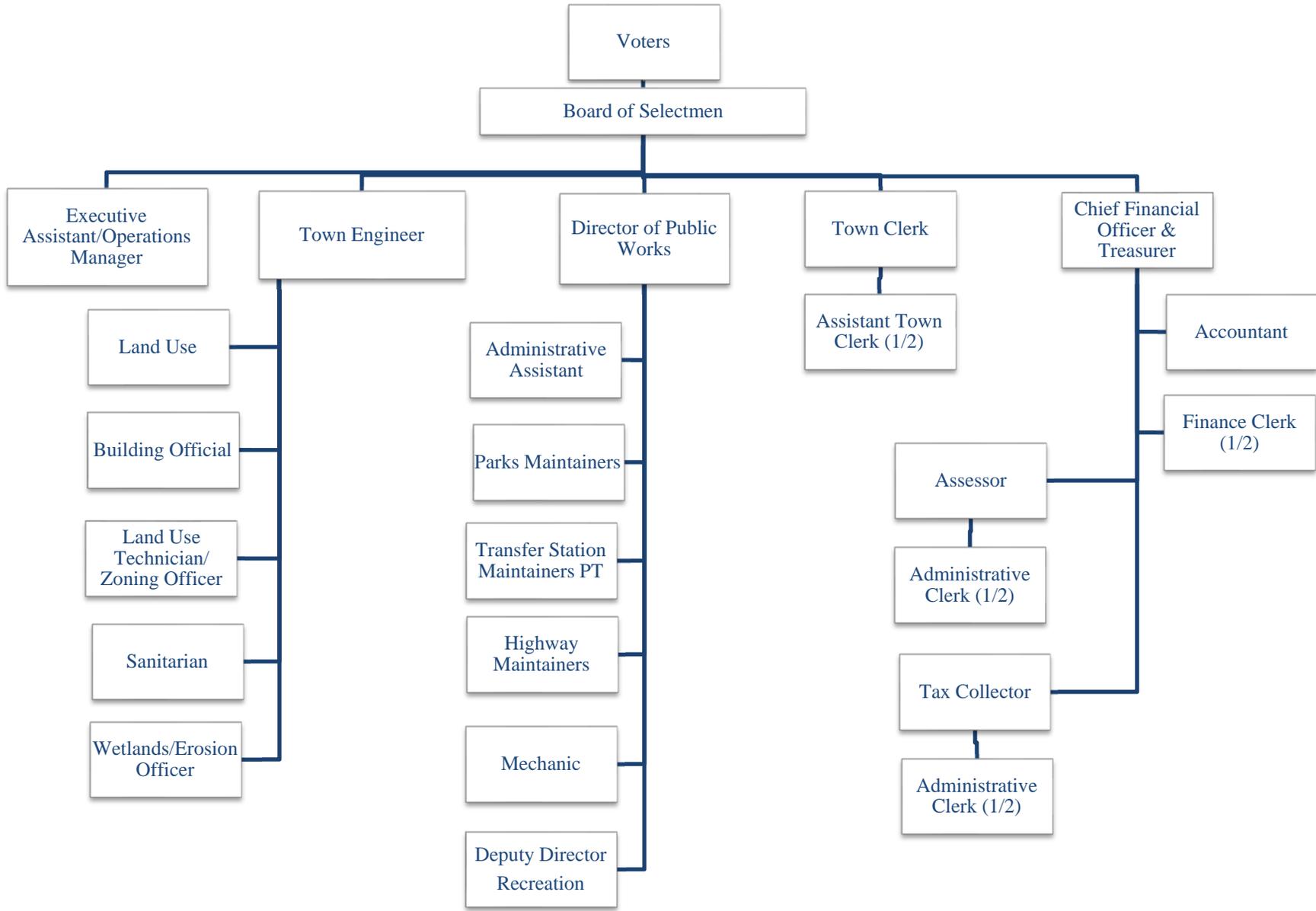
**Town of Somers  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

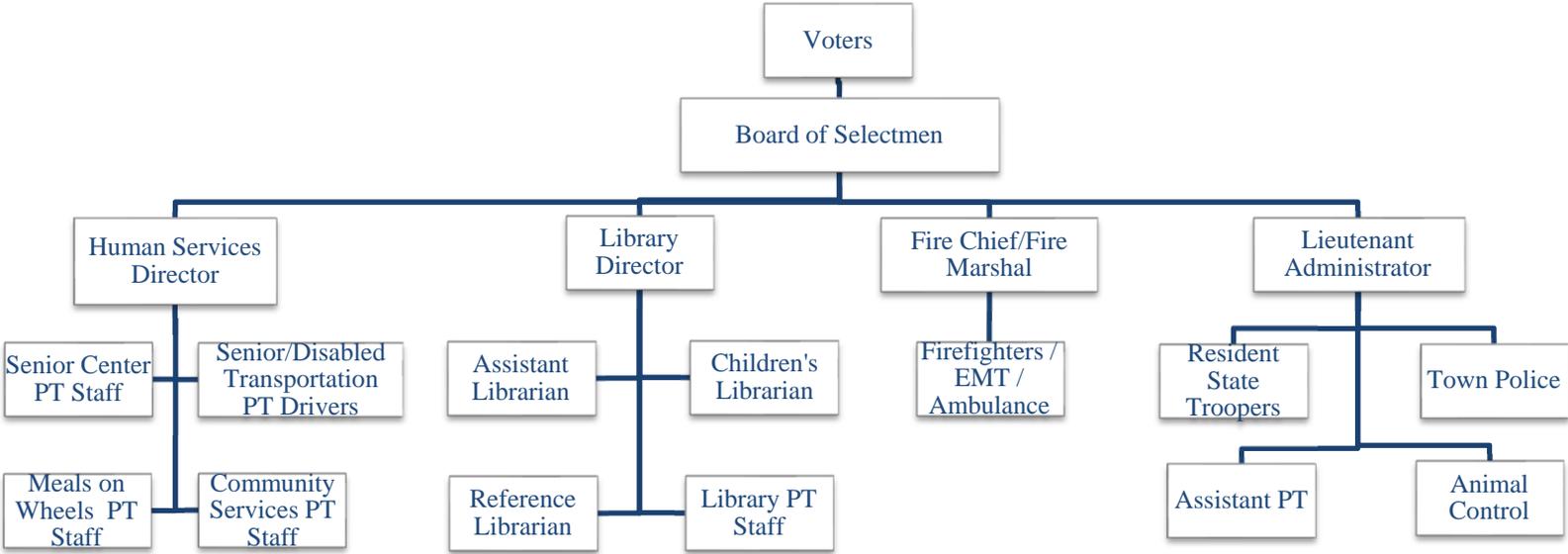
**June 30, 2015**

Executive Director/CEO

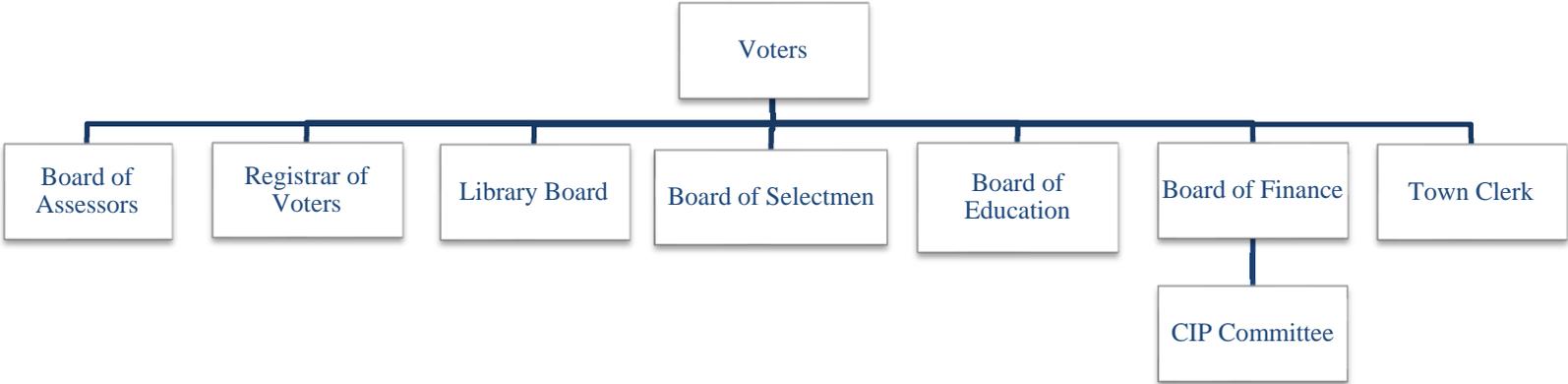
**TOWN OF SOMERS, CONNECTICUT  
ORGANIZATIONAL CHART**



**TOWN OF SOMERS, CONNECTICUT  
ORGANIZATIONAL CHART (CONTINUED)**



TOWN OF SOMERS, CONNECTICUT  
ORGANIZATIONAL CHART (CONTINUED)



**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.....Walter E. Topliff, Jr.  
Building Official.....John Collins  
Chief Financial Officer/Treasurer.....Michael D. Marinaccio  
Chief of Police.....Lisa Pellegrini  
Collector of Taxes.....Sherri Czyn  
Fire Chief.....John Roache  
Human Services Director.....Deanna Schuetz  
Library Director.....Francine Aloisa  
Town Engineer.....Jeff Bord  
Public Works Director.....Todd Rolland  
Superintendent of Schools.....Dr. Maynard Suffredini  
Town Attorney.....Carl Landolina  
Town Clerk.....Ann Marie 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  
Barbara Capuano

**BOARD OF FINANCE**

James Persano, Chairman  
Timothy Geib, Vice Chairman  
Thomas Mazzoli  
Michael Parker  
William Salka  
Joseph Tolisano

# **FINANCIAL SECTION**

# **Independent Auditor's Report**

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## 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, 2016, 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, 2016, 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 59 through 66 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 67 through 87 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 88 through 104 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 12, 2016, 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 12, 2016

# **Management's Discussion and Analysis**

**TOWN OF SOMERS, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2016**

---

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, 2016. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$50,124,091 (net position). Of this amount, \$4,416,124 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's total net position increased by \$1,476,756.
- The Town's total long-term debt consisting of general obligation bonds and capital leases decreased by \$1,042,684 or 6.5% during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,011,182, a decrease of \$1,396,004 in comparison with the prior year. Of this amount, \$6,011,113 constitutes unassigned fund balance and is available for new spending.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,144,025. Unassigned fund balance is sufficient to cover 2.2 months of and represents 18.1% of total General Fund GAAP basis expenditures and transfers out to other funds.

**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 and inflows 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.

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.

**TOWN OF SOMERS, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2016**

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Government-wide Financial Statements *(Continued)***

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 and 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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, the Capital Projects Fund, and the Capital Equipment 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 through 21 of this report.

***Proprietary Funds***

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for dental insurance benefits. Because these services benefit governmental functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

**TOWN OF SOMERS, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2016**

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**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 25 and 26 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**

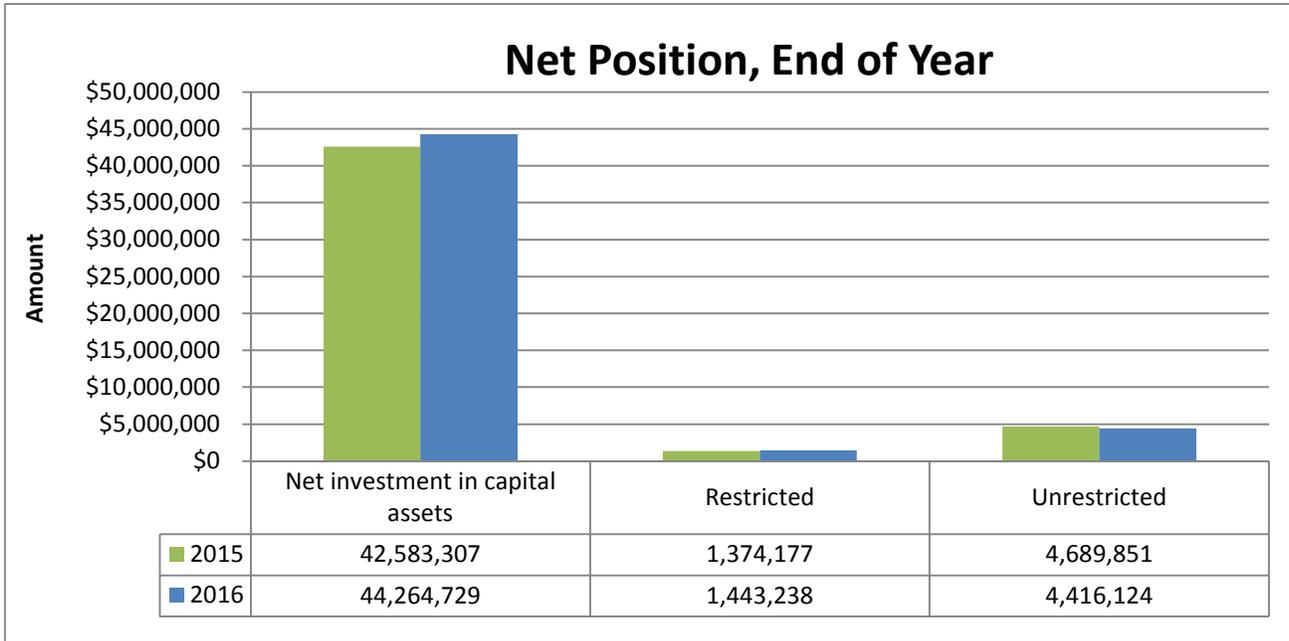
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$50,124,091 and \$48,647,335 as of June 30, 2016 and 2015, respectively and is summarized as follows:

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 15,188,757	\$ 16,904,454
Capital assets, net	<u>56,840,267</u>	<u>55,074,505</u>
Total assets	<u>72,029,024</u>	<u>71,978,959</u>
 Deferred outflows of resources	 <u>1,024,874</u>	 <u>732,157</u>
Current and other liabilities	1,681,866	2,105,952
Long-term liabilities	<u>20,920,579</u>	<u>21,914,008</u>
Total liabilities	<u>22,602,445</u>	<u>24,019,960</u>
 Deferred inflows of resources	 <u>327,362</u>	 <u>43,821</u>
 Net position:		
Net investment in capital assets	44,264,729	42,583,307
Restricted	1,443,238	1,374,177
Unrestricted	<u>4,416,124</u>	<u>4,689,851</u>
Total net position	<u>\$ 50,124,091</u>	<u>\$ 48,647,335</u>

**TOWN OF SOMERS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**



88.3% of the Town's net position as of June 30, 2016 reflects 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.

2.9% of the Town's net position as of June 30, 2016 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.

**TOWN OF SOMERS, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2016**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position**

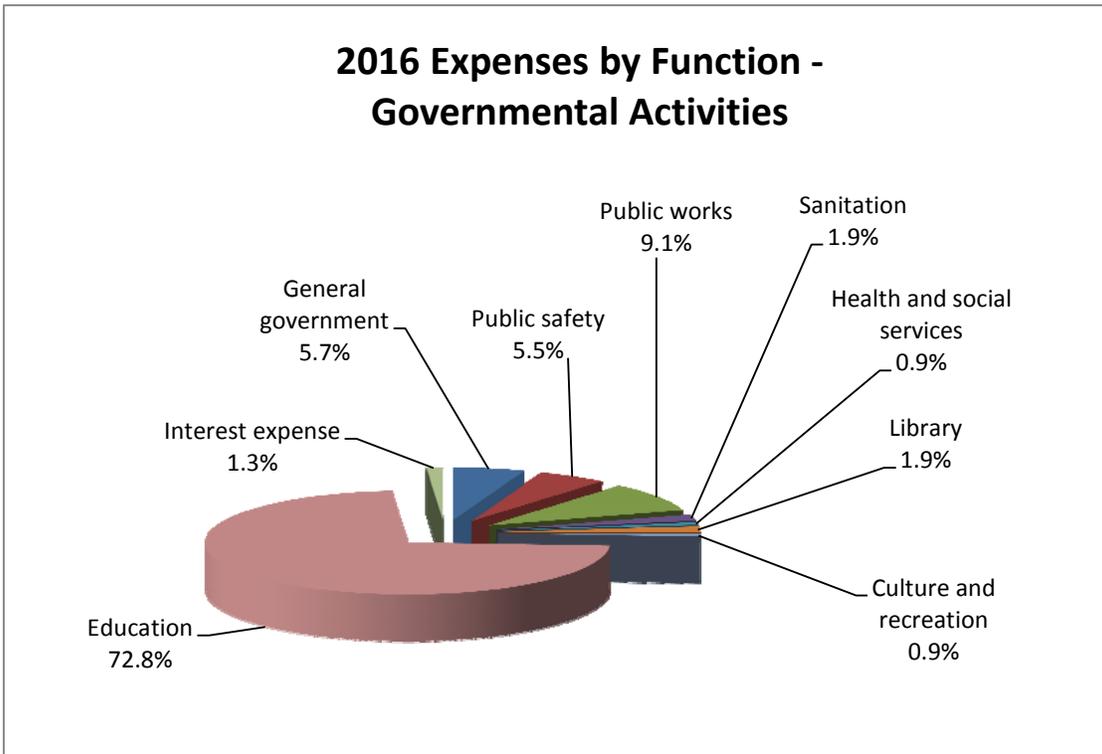
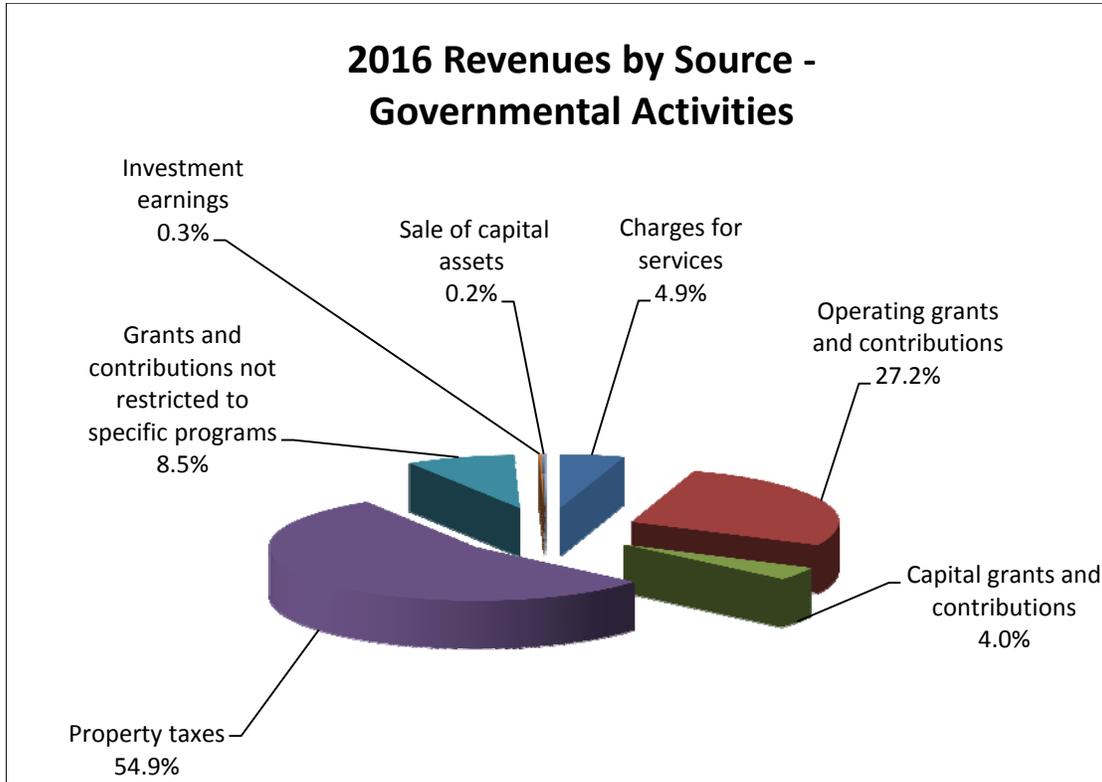
Changes in net position for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,823,871	\$ 1,653,099
Operating grants and contributions	10,082,242	9,678,492
Capital grants and contributions	1,485,386	1,473,996
General revenues:		
Property taxes	20,304,828	19,562,114
Grants and contributions not restricted to specific programs	3,138,513	3,285,474
Investment earnings	96,463	45,561
Sale of capital assets	71,452	-
Total revenues	<u>37,002,755</u>	<u>35,698,736</u>
 Program expenses		
General government	2,002,274	2,331,088
Public safety	1,958,451	1,533,228
Public works	3,248,072	3,052,927
Sanitation	692,430	575,329
Health and social services	323,088	324,383
Library	680,409	596,012
Culture and recreation	337,360	172,374
Education	25,824,877	25,355,643
Interest expense	459,038	474,218
Total expenses	<u>35,525,999</u>	<u>34,415,202</u>
 Change in net position	1,476,756	1,283,534
Net position, beginning	<u>48,647,335</u>	<u>47,363,801</u>
Net position, ending	<u>\$ 50,124,091</u>	<u>\$ 48,647,335</u>

**TOWN OF SOMERS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position (Continued)**



**TOWN OF SOMERS, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2016**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position (Continued)**

The Town's net position increased by \$1,476,756 during the year ended June 30, 2016, compared to an increase of \$1,283,534 during the year ended June 30, 2015.

Overall revenues increased by \$1,304,019 or 3.7% over the prior year. This increase was primarily due to an increase in operating grants of \$403,750, or 4.2%, and an increase in property tax revenues of \$742,714, or 3.8%.

Property tax increases reflects overall growth in the Town's grand list as there was no change in the Town's mill rate between the years.

Overall expenses increased by \$1,110,797 or 3.2% over the prior year. Education expenses increased by \$469,234 or 1.9% and Public Safety expenses increased by \$425,223 or 27.7%. Increases for both programs were impacted by an increase in contractual salaries and related employee benefits.

**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 \$13,011,182, a decrease of \$1,396,004 over the prior year. Approximately 68.9% or \$8,959,299 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 \$7,693,740. Of this amount, \$6,144,025 represents unassigned fund balance that may be appropriated for future spending. Unassigned fund balance is sufficient to cover 2.2 months of and represents 18.1% of total General Fund GAAP basis expenditures and transfers out to other funds.

The fund balance of the Town's General Fund decreased by \$29,732 during the current fiscal year.

**TOWN OF SOMERS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2016**

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)**

**Governmental Funds (Continued)**

***Capital Projects Fund***

At the close of the current fiscal year, the fund balance of the Capital Projects Fund totaled \$2,200,607. The majority of the fund balance in the amount of \$2,148,777 represents unspent debt proceeds restricted for authorized projects. The overall fund balance for the Capital Projects Fund decreased during the current fiscal year by \$255,931.

***Capital Equipment Fund***

At the close of the current fiscal year, the fund balance of the Capital Equipment Fund totaled \$701,164. A portion of the fund balance in the amount of \$326,956 represents unspent debt proceeds restricted for authorized purchases. The overall fund balance for the Capital Equipment Fund decreased during the current fiscal year by \$1,285,964. The decrease was primarily due to planned capital outlays relating to repairs and replacements made to the Town's educational facilities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original and final budget for the year ended June 30, 2016 planned for the utilization of fund balance in the amount of \$524,984. The actual decrease in fund balance of the General Fund on a budgetary basis was \$34,414, resulting in a favorable variance of \$490,570. Revenues were \$392,479 higher than expected and expenditures and other financing sources were \$98,091 lower than estimated.

The favorable revenue variance was derived primarily from better than budgeted collections on current year taxes levied and on prior year delinquent taxes.

The favorable expenditure variance was primarily derived from cost savings within the Town's Education department.

**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, 2016 and 2015 totaled \$56,840,267 and \$55,074,505, 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 \$1,765,762 or 3.2%.

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

- \$1.79 million in improvements to the Town's educational facilities, including roof repairs and replacements;
- \$113 thousand in security improvements made to the Town's educational facilities;
- \$190 thousand for the acquisition of an ambulance;
- \$544 thousand for the purchase of machinery and equipment for the benefit of the Town's Public Works department.

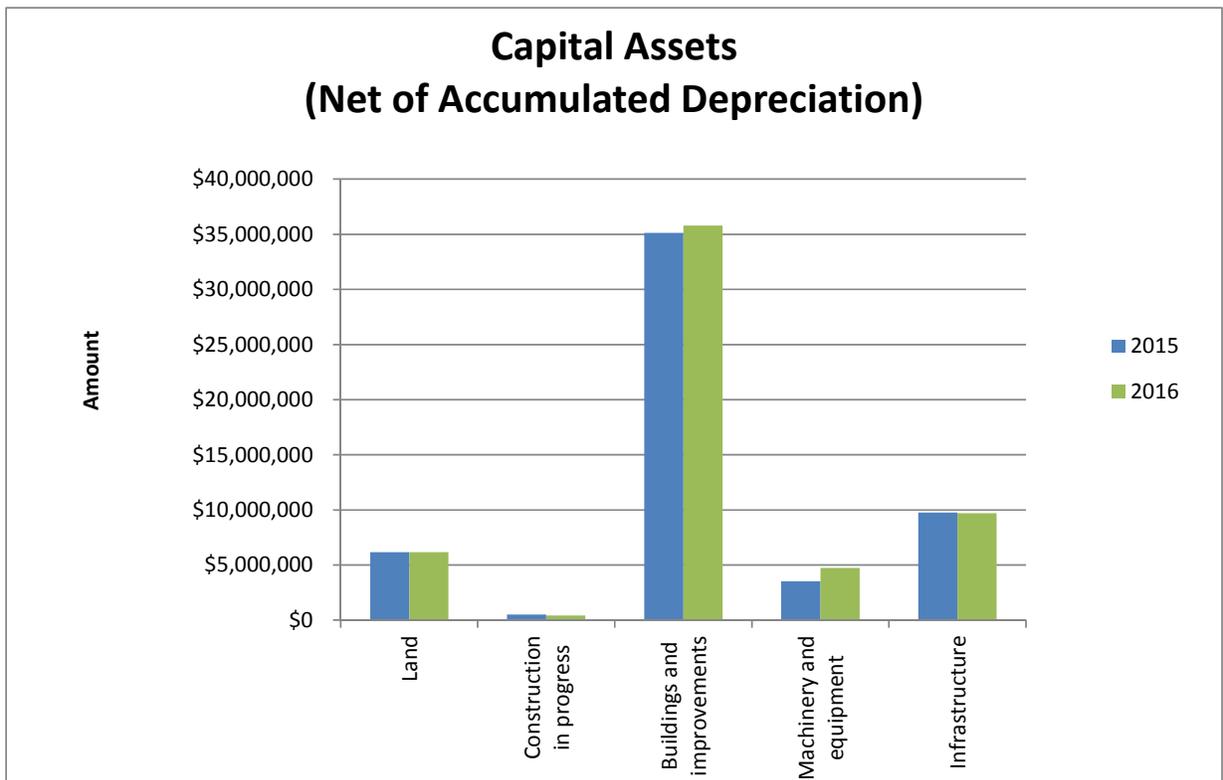
**TOWN OF SOMERS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2016**

**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:

	2016	2015
Land	\$ 6,161,758	\$ 6,161,758
Construction in progress	435,596	515,371
Buildings and improvements	35,784,698	35,114,529
Machinery and equipment	4,752,456	3,530,269
Infrastructure	9,705,759	9,752,578
Totals	<u>\$ 56,840,267</u>	<u>\$ 55,074,505</u>



Additional information on the Town's capital assets can be found in Note 5 to the basic financial statements.

**TOWN OF SOMERS, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
JUNE 30, 2016**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt**

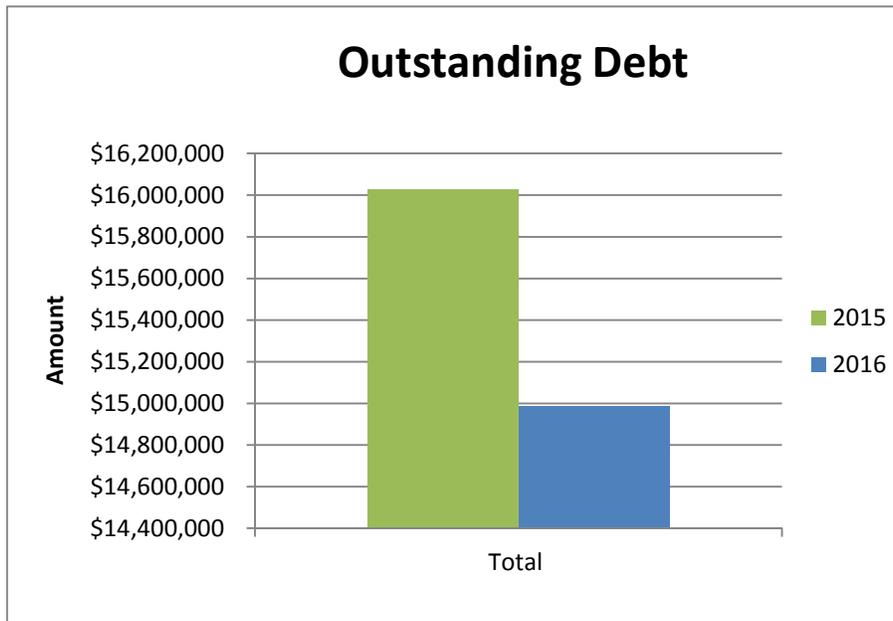
At the end of the current fiscal year, the Town had total long-term debt, consisting of bonds, notes and capital lease obligations, outstanding of \$14,985,087. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total long-term debt decreased by \$1,042,684 during the current fiscal year due to scheduled principal repayments of \$1,588,113 offset by a new capital lease arrangement entered into in the amount of \$545,429. The proceeds from the capital lease were used to acquire machinery and equipment for the benefit of the Town's Public Works department.

The Town's capital plan is established to control the level of capital expenditures and debt service 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:

	2016	2015
General obligation bonds	\$ 14,090,000	\$ 15,415,000
Capital leases	895,087	612,771
Total	\$ 14,985,087	\$ 16,027,771



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

**TOWN OF SOMERS, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2016**

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**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 2017, 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.

All of these factors were considered in preparing the Town's budget for fiscal year 2017.

The fiscal year 2017 budget was adopted by the Town in May 2016. The budget reflected an overall increase of 2.28% over the fiscal year 2016 original adopted budget of \$30,696,103 and allows the Town to continue maintaining the same level of programs and services to its residents. The budget resulted in a 0.85 mills increase from 23.37 mills to 24.22. This represents the first mill increase since the Town's fiscal year 2014 budget. In addition, the Town has planned for a utilization of fund balance in the amount of \$559,257 to limit the overall increase in the mill rate.

**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, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,413,631
Investments	1,202,537
Receivables:	
Property taxes, interest and fees, net	412,744
Grants and contracts	901,055
Assessments and user charges	74,463
Other	170,403
Net pension asset	13,924
Capital assets:	
Non-depreciable	6,597,354
Depreciable, net	50,242,913
Total assets	72,029,024
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension expenses	575,600
Deferred charges on refundings	449,274
Total deferred outflows of resources	1,024,874
<b>LIABILITIES</b>	
Accounts payable	984,407
Accrued liabilities	130,696
Unearned revenue	566,763
Noncurrent liabilities:	
Due within one year	1,873,990
Due in more than one year	19,046,589
Total liabilities	22,602,445
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension benefits	327,362
<b>NET POSITION</b>	
Net investment in capital assets	44,264,729
Restricted for:	
Cemetery - Expendable	793,364
Library - Expendable	574,874
Library - Nonexpendable	75,000
Unrestricted	4,416,124
Total net position	\$ 50,124,091

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

**TOWN OF SOMERS, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
Governmental activities:					
General government	\$ 2,002,274	\$ 410,857	\$ 3,400	\$ -	\$ (1,588,017)
Public safety	1,958,451	381,644	25,451	-	(1,551,356)
Public works	3,248,072	-	436,035	263,805	(2,548,232)
Sanitation	692,430	303,371	-	-	(389,059)
Health and social services	323,088	107,493	2,026	42,400	(171,169)
Library	680,409	5,783	10,511	-	(664,115)
Culture and recreation	337,360	178,098	38,580	-	(120,682)
Education	25,824,877	436,625	9,566,239	1,179,181	(14,642,832)
Interest expense	459,038	-	-	-	(459,038)
Total governmental activities	<u>\$ 35,525,999</u>	<u>\$ 1,823,871</u>	<u>\$ 10,082,242</u>	<u>\$ 1,485,386</u>	<u>(22,134,500)</u>
General revenues:					
					20,304,828
					3,138,513
					44,002
					52,461
					71,452
					<u>23,611,256</u>
					1,476,756
					<u>48,647,335</u>
					<u>\$ 50,124,091</u>

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

**TOWN OF SOMERS, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	General Fund	Capital Projects Fund	Capital Equipment Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,337,832	\$ 255,218	\$ 915,230	\$ 1,846,445	\$ 12,354,725
Investments	-	-	-	1,202,537	1,202,537
Receivables:					
Property taxes, interest and lien fees, net	412,744	-	-	-	412,744
Assessments and user charges	-	-	-	74,463	74,463
Grants and contracts	-	711,663	180,257	9,135	901,055
Other	79,641	-	-	90,762	170,403
Due from other funds	817,406	1,237,481	-	114,843	2,169,730
Advances to other funds	132,912	-	-	-	132,912
Total assets	<u>\$ 10,780,535</u>	<u>\$ 2,204,362</u>	<u>\$ 1,095,487</u>	<u>\$ 3,338,185</u>	<u>\$ 17,418,569</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 862,776	\$ 3,755	\$ 8,315	\$ 92,181	\$ 967,027
Accrued liabilities	29,769	-	-	-	29,769
Due to other funds	1,376,008	-	386,008	431,398	2,193,414
Unearned revenue	465,965	-	-	100,798	566,763
Advances from other fund	-	-	-	132,912	132,912
Total liabilities	<u>2,734,518</u>	<u>3,755</u>	<u>394,323</u>	<u>757,289</u>	<u>3,889,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	352,277	-	-	165,225	517,502
<b>FUND BALANCES</b>					
Nonspendable	132,912	-	-	75,000	207,912
Restricted for:					
Capital purposes	-	2,148,777	326,956	-	2,475,733
Other purposes	-	-	-	1,368,238	1,368,238
Committed for:					
Capital purposes	-	51,830	374,208	132,697	558,735
Other purposes	787,237	-	-	972,648	1,759,885
Assigned	629,566	-	-	-	629,566
Unassigned	6,144,025	-	-	(132,912)	6,011,113
Total fund balances	<u>7,693,740</u>	<u>2,200,607</u>	<u>701,164</u>	<u>2,415,671</u>	<u>13,011,182</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,780,535</u>	<u>\$ 2,204,362</u>	<u>\$ 1,095,487</u>	<u>\$ 3,338,185</u>	<u>\$ 17,418,569</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, 2016**

Total fund balances for governmental funds		\$ 13,011,182
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.		56,840,267
Deferred charges 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.		449,274
Net pension assets are not recognized in the governmental funds. The net pension asset results from the difference between the pension plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the pension plan.		13,924
Some of the Town's taxes, assessments and fees 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.		517,502
Deferred outflows and inflows of resources resulting from changes in the components of Town's net pension assets/liabilities are reported in the statement of net position.		248,238
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	\$ (14,090,000)	
Premium on bonds payable	(515,458)	
Obligations under capital lease	(895,087)	
Accrued interest payable	(100,927)	
Other long-term liabilities:		
Compensated absences	(1,124,142)	
Landfill post-closure care costs	(126,000)	
Net pension liabilities	(1,224,593)	
Net OPEB obligation	(2,945,299)	
Total long-term liabilities	(21,021,506)	(21,021,506)
Internal service funds are used by the Town to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		65,210
Net position of governmental activities		\$ 50,124,091

*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, 2016**

	General Fund	Capital Projects Fund	Capital Equipment Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 20,216,216	\$ -	\$ -	\$ -	\$ 20,216,216
Intergovernmental	12,199,915	263,805	1,221,589	973,238	14,658,547
Charges for services	666,000	-	-	1,111,206	1,777,206
Investment income	37,868	2,839	1,231	54,525	96,463
Other	-	-	-	49,202	49,202
Total revenues	<u>33,119,999</u>	<u>266,644</u>	<u>1,222,820</u>	<u>2,188,171</u>	<u>36,797,634</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,630,385	-	-	-	2,630,385
Public safety	1,423,598	-	-	72,194	1,495,792
Public works	2,111,851	-	-	430,509	2,542,360
Sanitation	525,616	-	-	130,652	656,268
Health and social services	179,391	-	-	79,156	258,547
Library	423,459	-	-	31,731	455,190
Culture and recreation	117,933	-	-	155,468	273,401
Education	24,017,924	-	-	916,439	24,934,363
Debt service:					
Principal payments	1,426,404	-	161,709	-	1,588,113
Interest and fiscal charges	289,569	-	181,744	-	471,313
Capital outlays	545,429	522,575	2,437,084	-	3,505,088
Total expenditures	<u>33,691,559</u>	<u>522,575</u>	<u>2,780,537</u>	<u>1,816,149</u>	<u>38,810,820</u>
Excess (deficiency) of revenues over expenditures	(571,560)	(255,931)	(1,557,717)	372,022	(2,013,186)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets	-	-	71,753	-	71,753
Capital lease financing	545,429	-	-	-	545,429
Transfers in	196,399	-	200,000	9,700	406,099
Transfers out	(200,000)	-	-	(206,099)	(406,099)
Total other financing sources (uses)	<u>541,828</u>	<u>-</u>	<u>271,753</u>	<u>(196,399)</u>	<u>617,182</u>
Net change in fund balances	(29,732)	(255,931)	(1,285,964)	175,623	(1,396,004)
Fund balances - beginning (see Note 1)	<u>7,723,472</u>	<u>2,456,538</u>	<u>1,987,128</u>	<u>2,240,048</u>	<u>14,407,186</u>
Fund balances - ending	<u>\$ 7,693,740</u>	<u>\$ 2,200,607</u>	<u>\$ 701,164</u>	<u>\$ 2,415,671</u>	<u>\$ 13,011,182</u>

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

**TOWN OF SOMERS, CONNECTICUT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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Net change in fund balances for governmental funds \$ (1,396,004)

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 capital outlays exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 3,795,142	
Depreciation and amortization expense	(2,029,078)	
Net adjustment		1,766,064

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the loss on disposal of capital assets.

(301)

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:		
Capital lease financing	(545,429)	
Principal repayments:		
Bonds payable	1,325,000	
Obligations under capital lease	263,113	
Net adjustment		1,042,684

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.

87,005

**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, 2016**

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Deferred inflows and outflows of resources resulting from changes in the components of net pension assets/liabilities are amortized as a component of pension expense in the statement of activities.

\$ 96,812

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	\$	(13,232)	
Accrued interest		17,755	
Amortization of deferred charges on refundings		(87,636)	
Amortization of bond premium		82,155	
Landfill post-closure care costs		14,000	
Net pension asset		(17,157)	
Net pension liabilities		41,065	
Net OPEB obligation		(173,243)	
		(136,293)	(136,293)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities.

16,789

Change in net position of governmental activities

\$ 1,476,756

*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, 2016**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes	\$ 19,851,127	\$ 19,851,127	\$ 20,216,216	\$ 365,089
Intergovernmental	9,428,593	9,428,593	9,319,444	(109,149)
Charges for services	600,000	600,000	708,671	108,671
Investment income	10,000	10,000	37,868	27,868
Total revenues	<u>29,889,720</u>	<u>29,889,720</u>	<u>30,282,199</u>	<u>392,479</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,435,420	2,615,783	2,609,343	(6,440)
Public safety	1,528,500	1,423,362	1,405,506	(17,856)
Public works	2,000,089	2,035,191	2,118,345	83,154
Sanitation	516,205	512,303	509,185	(3,118)
Health and social services	180,195	187,617	179,391	(8,226)
Library	460,430	434,189	423,459	(10,730)
Culture and recreation	223,010	129,361	121,200	(8,161)
Education	21,463,926	21,463,926	21,283,685	(180,241)
Other	45,000	62,221	32,220	(30,001)
Debt service	1,621,328	1,610,150	1,608,678	(1,472)
Total expenditures	<u>30,474,103</u>	<u>30,474,103</u>	<u>30,291,012</u>	<u>(183,091)</u>
Excess (deficiency) of revenues over expenditures	(584,383)	(584,383)	(8,813)	575,570
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	524,984	524,984	-	(524,984)
Transfers in	281,399	281,399	196,399	(85,000)
Transfers out	(222,000)	(222,000)	(222,000)	-
Total other financing sources (uses)	<u>584,383</u>	<u>584,383</u>	<u>(25,601)</u>	<u>(609,984)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(34,414)	<u>\$ (34,414)</u>
Fund balance - beginning			<u>7,651,345</u>	
Fund balance - ending			<u>\$ 7,616,931</u>	

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

**TOWN OF SOMERS, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2016**

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	<b>Governmental            Activities -            Internal Service Fund -            Dental Benefits Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 58,906
Due from other funds	23,684
Total assets	82,590
 <b>LIABILITIES</b>	
Current liabilities:	
Claims payable	17,380
Total liabilities	17,380
 <b>NET POSITION</b>	
Unrestricted	65,210
Total net position	\$ 65,210

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

**TOWN OF SOMERS, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Governmental Activities - Internal Service Fund - Dental Benefits Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 195,434
Total operating revenues	195,434
<b>OPERATING EXPENSES</b>	
Claims incurred	164,795
Administration	13,850
Total operating expenses	178,645
Change in net position	16,789
Net position - beginning <i>(see Note 1)</i>	48,421
Net position - ending	\$ 65,210

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

**TOWN OF SOMERS, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Governmental Activities - Internal Service Fund - Dental Benefits Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from participants	\$ 46,664
Receipts from employer	165,177
Payments for claims	(160,233)
Payments for administration	(13,850)
Net cash from operating activities	37,758
 Net increase in cash	 37,758
Cash, beginning of year	21,148
Cash, end of year	\$ 58,906
 <b>Reconciliation of change in net position to net cash from operating activities:</b>	
Change in net position	\$ 16,789
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Decrease in due from other funds	16,407
Increase in claims payable	4,562
Net cash from operating activities	\$ 37,758

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

**TOWN OF SOMERS, CONNECTICUT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016**

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	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 337,696	\$ 334,859
Investments	7,299,970	-
Other	-	-
Total assets	<u>7,637,666</u>	<u>\$ 334,859</u>
<b>LIABILITIES</b>		
Accounts payable	2,820	-
Due to others	-	334,859
Total liabilities	<u>2,820</u>	<u>\$ 334,859</u>
<b>NET POSITION</b>		
Restricted for pensions	<u>\$ 7,634,846</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, 2016**

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	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 418,731
Plan members	160,323
Total contributions	579,054
Investment earnings:	
Interest and dividends	219,023
Net change in the fair value of investments, net of investment fees	(32,817)
Total investment earnings, net	186,206
Total additions	765,260
<b>DEDUCTIONS</b>	
Benefit payments	276,668
Administrative expenses	8,325
Total deductions	284,993
Change in net position	480,267
Net position - beginning	7,154,579
Net position - ending	\$ 7,634,846

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

**TOWN OF SOMERS, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**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, 2016.

**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.

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.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**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, proprietary 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.

**Capital Equipment Fund** - This fund is used to account for the acquisition of capital equipment.

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

**Internal Service Fund** - This fund accounts for the cost of providing dental insurance benefits to employees of the Board of Education.

**Pension Trust Funds** - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's retirement pension plans. The Town utilizes these funds to account for activities of the following defined benefit plans: Board of Education Employees' Plan, Town Employees' Plan and the Volunteer Firefighters' Incentive Plan. In addition, the Town utilizes these funds to account for activities of the Volunteer Firefighters' 457(b) deferred compensation 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 and proprietary fund 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, 2016**

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**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. 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 available to be 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**

Effective July 1, 2015, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and certain provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The adoption of these statements did not have a material effect on the Town's financial statements.

**RECLASSIFICATIONS**

The Town has reclassified a portion of its beginning fund balance in the amount of \$48,330 that is attributed to its self-insurance activities from its General Fund to an internal service fund. The reclassification had no impact on the beginning budgetary fund balance of the General Fund.

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

**Cash Equivalents**

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

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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

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

**Investments**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools and synthetic guaranteed investment contracts as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

**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. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$47,000 as of June 30, 2016.

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 annually on October 1. 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, 2016**

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

**ASSETS, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, LIABILITIES AND NET POSITION FUND EQUITY (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, 2016**

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

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

**Deferred Outflows and Inflows of Resources**

Deferred outflows and inflows 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 and deferred pension expenses reported in the government-wide statement of net position. Deferred charges on refundings are amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred pension expenses are amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide statement of net position and are amortized as a component of pension expense on a systematic and rational basis.

**Net Assets and Fund Equity**

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows and inflows 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, 2016**

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

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

**Net Assets and 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, 2016**

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**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, COMPLIANCE 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, 2016**

**NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE 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, 2016:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 30,282,199	\$ 30,291,012	\$ (25,601)	\$ (34,414)
"On-behalf" payments - State Teachers Retirement Fund	2,595,266	2,595,266	-	-
Change in encumbrances	(4,384)	(36,453)	-	32,069
Capital lease proceeds not recorded for budgetary purposes	-	545,429	545,429	-
Perspective differences: Reserve for Revaluation Fund	-	49,387	22,000	(27,387)
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	246,918	246,918	-	-
GAAP basis	<u>\$ 33,119,999</u>	<u>\$ 33,691,559</u>	<u>\$ 541,828</u>	<u>\$ (29,732)</u>

**EXCESS OF BUDGETARY EXPENDITURES OVER DEPARTMENTAL APPROPRIATIONS**

For the year ended June 30, 2016, budgetary expenditures exceeded appropriations for the Public Works department (the legal level of control) in the amount of \$83,154. These expenditures were funded using available budgetary surpluses from other departments and does not represent a violation of any regulatory or statutory provisions.

**DEFICIT FUND EQUITY**

The School Construction Fund, which is a nonmajor governmental funds, has a deficit fund balance as of June 30, 2016 of \$132,912. This deficit does not constitute a violation of statutory provisions. The Town plans to fund the deficit in the School Construction Fund 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, 2016**

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

**CAPITAL PROJECTS AUTHORIZATIONS**

The following is a summary of capital projects as of June 30, 2016:

<u>Project/Purchase</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance - June 30, 2016</u>
School improvements	\$ 1,053,000	\$ 680,585	\$ 729,079	\$ 323,921
Road improvements	2,605,000	258,699	456,223	2,148,777
Fire tanker truck & ambulance	565,000	182,259	565,000	-
Senior shuttle bus	52,000	-	49,020	2,980
Fire truck acquisition	1,045,000	-	1,044,945	55
<b>Total</b>	<u>\$ 5,320,000</u>	<u>\$ 1,121,543</u>	<u>\$ 2,844,267</u>	<u>\$ 2,475,733</u>

**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, 2016, the carrying amount of the Town's cash deposits was \$9,922,589. As of June 30, 2016, \$9,095,306 of the Town's bank balance of \$10,191,270 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,185,776
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>909,531</u>
	<u>\$ 9,095,306</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.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**CASH DEPOSITS – CUSTODIAL CREDIT RISK (Continued)**

A reconciliation of the Town’s cash and cash equivalents as of June 30, 2016 is as follows:

Government-wide statement of net position:		
Cash and cash equivalents	\$	12,413,631
Statement of fiduciary net position:		
Cash and cash equivalents		672,555
		13,086,186
Less: cash equivalents considered investments for disclosure purposes		
		(3,163,597)
	\$	9,922,589

**INVESTMENTS**

As of June 30, 2016, the Town’s investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
<b>Debt Securities:</b>						
<i><b>Governmental Activities (excluding Permanent Funds):</b></i>						
Short-term Investment Fund	Net asset value	\$ 2,822,595	\$ 2,822,595	\$ -	-	-
Money market mutual funds	Net asset value	132,805	132,805	-	-	-
<i><b>Permanent Funds:</b></i>						
Money market mutual funds	Net asset value	181,567	181,567	-	-	-
U.S. Treasury securities	Fair value	54,852	-	41,301	13,551	-
Corporate bonds	Fair value	101,270	-	60,425	40,845	-
<i><b>Fiduciary Funds:</b></i>						
Money market mutual funds	Net asset value	26,630	26,630	-	-	-
Negotiable certificates of deposit	Amortized cost	245,400	245,400	-	-	-
U.S. Treasury securities	Fair value	22,350	-	19,316	3,034	-
U.S. Agency securities	Fair value	49,561	-	2,008	2,054	45,499
Municipal bonds	Fair value	74,191	-	-	-	74,191
Corporate bonds	Fair value	863,325	61,390	297,348	334,857	169,730
		4,574,546	\$ 3,470,387	\$ 420,398	\$ 394,341	\$ 289,420
<b>Other investments:</b>						
<i><b>Permanent Funds:</b></i>						
Mutual funds	Fair value	572,618				
Equity securities	Fair value	473,797				
<i><b>Fiduciary Funds:</b></i>						
Mutual funds	Fair value	4,157,914				
Equity securities	Fair value	1,887,229				
		\$ 11,666,104				

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

Investment maturities of the Town's investments in STIF 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, 2016 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,202,537
Statement of fiduciary net position:	
Investments	<u>7,299,970</u>
	8,502,507
Add: cash equivalents considered investments for disclosure purposes	<u>3,163,597</u>
	<u><u>\$ 11,666,104</u></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.

**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 does not have a policy for custodial credit risk. The Town's investments in external investment pools, mutual funds and group annuity contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

**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 investment policy for its pension trust funds 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.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

**Credit Risk (Continued)**

The Town's investments in debt securities, excluding U.S. Treasury securities, were rated as follows at June 30, 2016:

Investment type	AAA	AA	A	BBB	Unrated
<b>Debt Securities:</b>					
<i>Governmental Activities</i>					
<i>(excluding Permanent Funds):</i>					
Short-term Investment Fund	\$ 2,822,595	\$ -	\$ -	\$ -	\$ -
Money market mutual funds	-	-	-	-	132,805
<i>Permanent Funds:</i>					
Money market mutual funds	-	-	-	-	181,567
Corporate bonds	-	15,861	44,048	41,361	-
<i>Fiduciary Funds:</i>					
Money market mutual funds	-	-	-	-	26,630
Negotiable certificates of deposit	-	-	-	-	245,400
U.S. Agency securities	-	-	-	-	49,561
Municipal bonds	74,191	-	-	-	-
Corporate bonds	-	10,696	184,310	668,319	-

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2016, more than 10.0% of the Town's governmental activities (excluding permanent funds) investments are invested in the Short-term Investment Fund (95.5%), which is managed by the State of Connecticut Office of the Treasurer. As of June 30, 2016, more than 10.0% of the Town's Permanent Funds investments are invested in the Schwab Government Money Market Fund, which is managed by Charles Schwab Investment Management, Inc. None of the Town's Fiduciary Funds investments in any one issuer exceeded 10.0% as of June 30, 2016.

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2016, by level within the fair value hierarchy are presented in the table below.

<b>Financial Assets Measured at Fair Value</b>	<b>Prices in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Permanent Funds:</b>			
U.S. Treasury securities	\$ 54,852	\$ -	\$ -
Corporate bonds	-	101,270	-
Mutual funds	572,618	-	-
Equity securities	473,797	-	-
<b>Fiduciary Funds:</b>			
U.S. Treasury securities	22,350	-	-
U.S. Agency securities	-	49,561	-
Municipal bonds	-	74,191	-
Corporate bonds	-	863,325	-
Mutual funds	4,157,914	-	-
Equity securities	1,887,229	-	-

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 6,161,758	\$ -	\$ -	\$ 6,161,758
Construction in progress	515,371	204,780	(284,555)	435,596
Total capital assets, not being depreciated	<u>6,677,129</u>	<u>204,780</u>	<u>(284,555)</u>	<u>6,597,354</u>
Capital assets, being depreciated:				
Buildings and improvements	60,386,521	1,826,966	-	62,213,487
Vehicles, machinery and equipment	7,951,640	1,727,133	(322,499)	9,356,274
Infrastructure	18,198,632	320,817	-	18,519,449
Total capital assets, being depreciated	<u>86,536,793</u>	<u>3,874,916</u>	<u>(322,499)</u>	<u>90,089,210</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(25,271,992)	(1,156,797)	-	(26,428,789)
Vehicles, machinery and equipment	(4,421,371)	(504,645)	322,198	(4,603,818)
Infrastructure	(8,446,054)	(367,636)	-	(8,813,690)
Total accumulated depreciation and amortization	<u>(38,139,417)</u>	<u>(2,029,078)</u>	<u>322,198</u>	<u>(39,846,297)</u>
Total capital assets, being depreciated, net	<u>48,397,376</u>	<u>1,845,838</u>	<u>(301)</u>	<u>50,242,913</u>
Governmental activities capital assets, net	<u>\$ 55,074,505</u>	<u>\$ 2,050,618</u>	<u>\$ (284,856)</u>	<u>\$ 56,840,267</u>

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 5 - CAPITAL ASSETS (Continued)**

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

Governmental Activities:		
General government	\$	45,224
Public safety		211,428
Public works		521,466
Sanitation		20,084
Health and social services		14,266
Library		117,765
Culture and recreation		32,230
Education		<u>1,066,615</u>
Total depreciation and amortization expense - governmental activities		<u><u>\$ 2,029,078</u></u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Nonmajor Governmental Funds	\$ 564,310
	Capital Equipment Fund	<u>386,008</u>
		<u>950,318</u>
Capital Projects Fund	General Fund	<u>1,237,481</u>
Nonmajor Governmental Funds	General Fund	<u>114,843</u>
<b>Proprietary Funds:</b>		
Internal Service Fund	General Fund	<u>23,684</u>
		<u><u>\$ 2,326,326</u></u>

Except for the balances due to the General Fund from the School Construction Fund, a nonmajor governmental 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 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 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 balances due to the General Fund of \$132,912 from the School Construction Fund will not be repaid within one year and, therefore, the balance due has been presented as an advance to/from other funds in the accompanying governmental funds balance sheet.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Nonmajor Governmental Funds	\$ 196,399
Capital Projects Fund	General Fund	200,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	9,700
Total transfers		<u>\$ 406,099</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.

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable:					
General obligation bonds	\$ 15,415,000	\$ -	\$ (1,325,000)	\$ 14,090,000	\$ 1,310,000
Unamortized premium	597,613	-	(82,155)	515,458	-
Total bonds payable	16,012,613	-	(1,407,155)	14,605,458	1,310,000
Other liabilities:					
Capital lease obligations	612,771	545,429	(263,113)	895,087	220,624
Compensated absences	1,110,910	330,812	(317,580)	1,124,142	329,366
Landfill post closure care liability	140,000	-	(14,000)	126,000	14,000
Net pension liabilities	1,265,658	-	(41,065)	1,224,593	-
Net OPEB obligation	2,772,056	173,243	-	2,945,299	-
	<u>\$ 21,914,008</u>	<u>\$ 1,049,484</u>	<u>\$ (2,042,913)</u>	<u>\$ 20,920,579</u>	<u>\$ 1,873,990</u>

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

**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 \$285,891 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 \$87,636 for the year ended June 30, 2016.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 8 - 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, 2016.

**GENERAL OBLIGATION BONDS**

A summary of general obligation bonds outstanding at June 30, 2016 is as follows:

Purpose of Bonds	Fiscal Year of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Refunding Bonds	2005	\$ 5,700,000	3.77%	7/2020	\$ 1,990,000
General Obligation Bonds	2008	7,100,000	4.0% - 5.0%	8/2016	360,000
General Obligation Refunding Bonds	2013	7,610,000	2.0% - 3.0%	8/2027	6,705,000
General Obligation Bonds	2015	5,320,000	2.0% - 4.0%	11/2034	5,035,000
					<u>\$ 14,090,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2016:

Year ending June 30:	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
2017	\$ 1,310,000	\$ 410,333	\$ 1,720,333
2018	1,305,000	362,945	1,667,945
2019	1,400,000	316,421	1,716,421
2020	1,380,000	268,829	1,648,829
2021	1,375,000	221,666	1,596,666
2022-2026	4,390,000	682,126	5,072,126
2027-2031	1,930,000	263,306	2,193,306
2032-2035	1,000,000	63,437	1,063,437
	<u>\$ 14,090,000</u>	<u>\$ 2,589,063</u>	<u>\$ 16,679,063</u>

**CAPITAL LEASES**

A summary of assets under capital lease as of June 30, 2016 is as follows:

	<b>Governmental Activities</b>
Machinery and equipment	\$ 1,437,615
Less: accumulated amortization	227,403
	<u>\$ 1,210,212</u>

Amortization expense relative to leased property under capital leases as of June 30, 2016 totaled \$115,451 for the year ended June 30, 2016 and is included in depreciation and amortization expense disclosed in Note 5.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 8 - LONG-TERM LIABILITIES (Continued)**

**CAPITAL LEASES (Continued)**

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>
2017	\$ 241,299
2018	241,299
2019	134,006
2020	134,006
2021	19,297
Thereafter	<u>207,466</u>
Total minimum lease payments	977,373
Less: amount representing interest	<u>(82,286)</u>
Present value of minimum lease payments	<u>\$ 895,087</u>

**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 9 years are estimated to be \$126,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

**NOTE 9 - FUND BALANCE**

As of June 30, 2016, nonspendable, restricted, committed and assigned fund balance for other purposes consists of the following:

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital Equipment Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Nonspendable					
Library operations	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
Advances to other fund	132,912	-	-	-	132,912
Restricted for:					
Library operations	-	-	-	574,874	574,874
Cemetery operations	-	-	-	793,364	793,364
Capital purposes	-	2,148,777	326,956	-	2,475,733
Committed to:					
Other post-employment benefits	780,737	-	-	-	780,737
Revaluation	6,500	-	-	-	6,500
Sewer operations	-	-	-	375,445	375,445
Ambulance operations	-	-	-	355,441	355,441
Capital purposes	-	51,830	374,208	132,697	558,735
Other purposes	-	-	-	241,762	241,762
Assigned to:					
Education - encumbrances	70,309	-	-	-	70,309
Use in subsequent year budget	559,257	-	-	-	559,257
Unassigned	6,144,025	-	-	(132,912)	6,011,113
	<u>\$ 7,693,740</u>	<u>\$ 2,200,607</u>	<u>\$ 701,164</u>	<u>\$ 2,415,671</u>	<u>\$ 13,011,182</u>

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE 10 - PENSION PLANS**

**DEFINED BENEFIT PLANS**

**Plan Description**

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

**Summary of Significant Accounting Policies**

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

*Investments* - Investments are generally measured at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in money market mutual funds are measured at net asset value per share as determined by the fund. 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' investments were not subject to significant concentration risks as of June 30, 2016. As of June 30, 2016, there were no amounts invested with one issuer in either the Town Plan or the Board of Education that represented more than 10.0% of the total assets for each Plan. As of June 30, 2016, 14.6% of amounts invested in the Volunteer Firefighter's Plan were invested in mortgage loan pools issued by the Federal National Mortgage Association.

*Rate of return* - For the year ended June 30, 2016, 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 3.8%, 1.5% and 1.9%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Administrative costs* - A portion of the administrative costs of the Plans are funded through the Town's General Fund with the remaining portion funded from investment earnings of the Plans.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLANS (Continued)**

**Plan Membership**

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

	<b>Town Plan</b>	<b>Board of Education Plan</b>	<b>Firefighters' Plan</b>
Retired participants and beneficiaries receiving benefits	3	32	10
Terminated members entitled to, but not yet receiving benefits	8	8	30
Active members	33	50	35
	44	90	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 5 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 annual earnings received during the five consecutive plan years immediately preceding the date on which the participants' employment terminates. 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 2.0% of their annual earnings. Effective September 1, 2011, participants were required to make a picked-up contribution to the plan, which the Town agreed to make on the participant's behalf. The amount of the picked-up contribution to the plan was 2.0% for certain union participants and 4.0% for all other employees through June 30, 2015 and 5.0% 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, 2016**

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**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLANS (Continued)**

**Benefit Provisions (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, 2016, employer contributions to the Town Plan represented approximately 9.64% of covered payroll.

For the year ended June 30, 2016, employer contributions to the Board of Education Plan represented approximately 22.08% 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, 2016, were as follows:

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Firefighters' Plan</u>
Total pension liability	\$ 3,295,661	\$ 5,236,186	\$ 313,668
Plan fiduciary net position	3,221,252	4,086,002	327,592
Town's net pension liability (asset)	<u>\$ 74,409</u>	<u>\$ 1,150,184</u>	<u>\$ (13,924)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 98%	 78%	 104%

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLANS (Continued)**

**Net Pension Liability (Asset) (Continued)**

The components of the changes in the net pension liability (asset) for each of the Town's Plans for the year ended June 30, 2016, were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension</b>	<b>Plan Fiduciary</b>	<b>Net Pension</b>
	<b>Liability</b>	<b>Net Position</b>	<b>Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Town Plan</b>			
Balance as of June 30, 2015	\$ 3,097,905	\$ 3,013,247	\$ 84,658
Changes for the year:			
Service cost	182,897	-	182,897
Interest	211,827	-	211,827
Actuarial (gains) losses	(152,472)	-	(152,472)
Contributions	-	242,059	(242,059)
Net investment income	-	13,638	(13,638)
Benefit payments, including refunds	(44,496)	(44,496)	-
Administrative expenses	-	(3,196)	3,196
Net changes	197,756	208,005	(10,249)
Balance as of June 30, 2016	<u>\$ 3,295,661</u>	<u>\$ 3,221,252</u>	<u>\$ 74,409</u>
<b>Board of Education Plan</b>			
Balance as of June 30, 2015	\$ 5,094,678	\$ 3,913,678	\$ 1,181,000
Changes for the year:			
Service cost	142,155	-	142,155
Interest	298,952	-	298,952
Actuarial (gains) losses	(81,477)	-	(81,477)
Contributions	-	334,615	(334,615)
Net investment income	-	60,843	(60,843)
Benefit payments, including refunds	(218,122)	(218,122)	-
Administrative expenses	-	(5,012)	5,012
Net changes	141,508	172,324	(30,816)
Balance as of June 30, 2016	<u>\$ 5,236,186</u>	<u>\$ 4,086,002</u>	<u>\$ 1,150,184</u>
<b>Firefighters' Plan</b>			
Balance as of June 30, 2015	\$ 303,434	\$ 334,515	\$ (31,081)
Changes for the year:			
Service cost	6,048	-	6,048
Interest	18,236	-	18,236
Contributions	-	2,380	(2,380)
Net investment income	-	4,864	(4,864)
Benefit payments, including refunds	(14,050)	(14,050)	-
Administrative expenses	-	(117)	117
Net changes	10,234	(6,923)	17,157
Balance as of June 30, 2016	<u>\$ 313,668</u>	<u>\$ 327,592</u>	<u>\$ (13,924)</u>

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - 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, 2015 for the Town Plan, as of July 1, 2014 for the Volunteer Firefighters' Plan, and as of July 1, 2016 for the Board of Education Plan, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Firefighters' Plan</u>
Inflation	2.0%	2.3%	2.0%
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 for both the Town Plan and the Volunteer Firefighters' Plan, and the 2016 PPA Mortality Table pursuant to IRS code §430(h)(3)(A) for the Board of Education Plan,

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>			<u>Long-term Expected Real Rate of Return</u>		
		<u>Board of</u>			<u>Board of</u>	
	<u>Town Plan</u>	<u>Education Plan</u>	<u>Firefighters' Plan</u>	<u>Town Plan</u>	<u>Education Plan</u>	<u>Firefighters' Plan</u>
Equity	60%	50%	60%	6.23%	6.05%	6.23%
Fixed income	38%	45%	38%	4.23%	4.34%	4.23%
Cash	2%	5%	2%	2.04%	2.25%	2.04%

*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.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLANS (Continued)**

**Net Pension Liability (Asset) (Continued)**

*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:

	<b>Discount Rates</b>		
	<b>-1.0%</b>	<b>Current</b>	<b>+1.0%</b>
Town Plan - Net pension liability (asset)	\$ 460,211	\$ 74,409	\$ (252,664)
Board of Education Plan - Net pension liability	1,686,521	1,150,184	697,792
Firefighters' Plan - Net pension liability (asset)	30,283	(13,924)	(49,743)

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2016, the Town recognized pension expense of \$114,070 for the Town Plan, \$366,850 for the Board of Education Plan and \$12,288 for the Volunteer Firefighters' Plan. At June 30, 2016, the Town reported deferred outflows and inflows of resources related to each of the Plans from the following sources:

	<b>Deferred Outflows (Inflows) of Resources</b>		
	<b>Town Plan</b>	<b>Board of</b>	<b>Firefighters'</b>
		<b>Education</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 119,623	\$ 363,707	\$ 13,026
Differences between expected and actual experience	(216,406)	(110,956)	330
Changes of assumptions	78,914	-	-
Total	<u>(17,869)</u>	<u>252,751</u>	<u>13,356</u>

Amounts reported as deferred outflow and inflows of resources related to the Town Plan will be recognized as a component of pension expense in future years as follows:

	<b>Amortization of</b>		
	<b>Deferred Outflows (Inflows) of Resources</b>		
	<b>Town Plan</b>	<b>Board of</b>	<b>Firefighters'</b>
<b>Education</b>		<b>Plan</b>	
Year ended June 30,			
2017	\$ 19,619	\$ 71,514	\$ 3,671
2018	19,619	71,514	3,671
2019	19,620	71,514	3,673
2020	989	71,514	2,167
2021	(14,944)	24,296	39
Thereafter	(62,772)	(57,601)	135
Total	<u>(17,869)</u>	<u>252,751</u>	<u>13,356</u>

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLANS (Continued)**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's defined benefit plans as of and for the year ended June 30, 2016.

	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Firefighters' Plan</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 111,837	\$ 209,012	\$ 16,847
Investments	3,110,684	3,876,990	312,296
Total assets	<u>3,222,521</u>	<u>4,086,002</u>	<u>329,143</u>
<b>LIABILITIES</b>			
Accounts payable	1,269	-	1,551
Total liabilities	<u>1,269</u>	<u>-</u>	<u>1,551</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 3,221,252</u>	<u>\$ 4,086,002</u>	<u>\$ 327,592</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 137,126	\$ 279,225	\$ 2,380
Plan members	104,933	55,390	-
Total contributions	<u>242,059</u>	<u>334,615</u>	<u>2,380</u>
Investment earnings:			
Interest and dividends	82,224	129,894	6,905
Net change in the fair value of investments, net of investment fees	<u>36,654</u>	<u>(69,050)</u>	<u>(421)</u>
Total investment earnings, net	<u>118,878</u>	<u>60,844</u>	<u>6,484</u>
Total additions	<u>360,937</u>	<u>395,459</u>	<u>8,864</u>
<b>DEDUCTIONS</b>			
Benefit payments	44,496	218,122	14,050
Administrative expenses	3,196	5,012	117
Total deductions	<u>47,692</u>	<u>223,134</u>	<u>14,167</u>
Change in net position	313,245	172,325	(5,303)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning	2,908,007	3,913,677	332,895
Ending	<u>\$ 3,221,252</u>	<u>\$ 4,086,002</u>	<u>\$ 327,592</u>

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE 10 - PENSION PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings 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. For the year ended June 30, 2016, plan members of the Town contributed \$770,187 to the plan and covered payroll for the year was \$10,623,274. The Town has recognized on-behalf payments of \$2,595,266 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 the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$29.5 million or approximately 0.27% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. The portion of the pension expense attributed to the Town totaled \$2,647,570 for the year ended June 30, 2016.

The total pension liability in the June 30, 2014 actuarial valuation, rolled forward to June 30, 2015, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases (average, including inflation)	3.75 - 7.0%
Investment rate of return (net of investment expense)	8.5%
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM (Continued)**

The long-term expected rate of return on pension plan investments was 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Large Cap U.S. Equities	21.0%	7.3%
Developed Non-U.S. Equities	18.0%	7.5%
Emerging Markets (Non-U.S.)	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Inflation Linked Bonds	3.0%	1.3%
Emerging Markes (U.S.)	5.0%	4.8%
High Yield Bonds	5.0%	3.7%
Real Estate	7.0%	5.9%
Private Equity	11.0%	10.9%
Alternative Investments	8.0%	0.7%
Liquidity Fund	6.0%	0.4%

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension 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 rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	<u>Discount Rates</u>		
	<u>-1.0%</u>	<u>Current</u>	<u>+1.0%</u>
Proportionate share of the net pension liability attributed to the Town (expressed in thousands)	\$ 37,225	\$ 29,518	\$ 22,968

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE 10 - PENSION PLANS (Continued)**

**VOLUNTEER FIREFIGHTERS' 407(b) DEFERRED COMPENSATION PLAN**

The Town offers its full-time firefighters a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under terms of the plan, the Town is required to contribute 6.0% of a participant's base wages in addition to accumulated sick time earned up to five days. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Town has no trustee or other fiduciary responsibilities related to participant accounts and therefore the plan is not accounted for in the fiduciary fund financial statements of the Town.

Amounts contributed by the Town into this plan totaled \$12,680 for the year ended June 30, 2016.

**TOWN DEFERRED COMPENSATION PLAN**

The Town offers all employees who are eligible for benefits a deferred compensation plan created by the State of Connecticut in accordance with Internal Revenue Code Section 457. The Town is not required to make contributions to this plan. 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. The Town has no trustee or other fiduciary responsibilities related to participant accounts and therefore the plan is not accounted for in the fiduciary fund financial statements of the Town.

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

**Town and Board of Education Plan Description**

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

**Funding Policy**

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

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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

**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	\$ 342,702
Interest on net OPEB obligation	97,022
Adjustment to annual required contribution	<u>(145,591)</u>
Annual OPEB cost (expense)	294,133
Contributions made	<u>120,890</u>
Increase in net OPEB obligation	173,243
Net OPEB obligation, beginning of year	<u>2,772,056</u>
Net OPEB obligation, end of year	<u><u>\$ 2,945,299</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 2016, 2015 and 2014 are as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	\$ 294,133	41.1%	\$ 2,945,299
2015	432,697	38.0%	2,772,056
2014	444,131	31.0%	2,440,125

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)</b>	<b>(Unfunded) AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
\$ -	\$ 4,585,470	\$ (4,585,470)	0.0%	\$ 12,776,000	35.89%

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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

**Funded Status and Funding Progress (Continued)**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future, 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. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

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

Valuation date:	July 1, 2014
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	9.0% initial 5.0% final

**NOTE 12 - RISK MANAGEMENT**

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

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, 2016. 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, 2016**

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**NOTE 12 - RISK MANAGEMENT (Continued)**

A summary of claims activity for the years ended June 30, 2016 and 2015 is as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2016	\$ 12,818	\$ 164,795	\$ 160,233	\$ 17,380
2015	-	186,061	173,243	12,818

**NOTE 13 - CONTINGENCIES**

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

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

**NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meets its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF SOMERS, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2016**

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**NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)**

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS - PENSION (UNAUDITED)**  
**TOWN EMPLOYEES' PENSION PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 182,897	\$ 169,099	\$ 162,595
Interest	211,827	190,542	171,627
Actuarial (gains) losses	(152,472)	-	-
Benefit payments, including refunds	(44,496)	(47,364)	(52,004)
Net change in total pension liability	197,756	312,277	282,218
Total pension liability - beginning	3,097,905	2,785,628	2,503,410
Total pension liability - ending	<u>3,295,661</u>	<u>3,097,905</u>	<u>2,785,628</u>
<b>Plan net position</b>			
Contributions - employer	137,126	131,852	186,330
Contributions - members	104,933	69,948	79,388
Net investment income	13,638	187,253	377,680
Benefit payments, including refunds	(44,496)	(47,364)	(52,004)
Administrative expenses	(3,196)	-	-
Net change in plan net position	208,005	341,689	591,394
Plan net position - beginning	3,013,247	2,671,558	2,080,164
Plan net position - ending	<u>3,221,252</u>	<u>3,013,247</u>	<u>2,671,558</u>
<b>Town's net pension liability</b>	<u>\$ 74,409</u>	<u>\$ 84,658</u>	<u>\$ 114,070</u>
<b>Plan net pension as percentage of total pension liability</b>	97.7%	97.3%	95.9%
<b>Covered employee payroll</b>	\$ 1,422,470	\$ 1,367,760	\$ 1,315,154
<b>Town net pension liability as a percentage of covered employee payroll</b>	5.2%	6.2%	8.7%

**NOTES TO THE SCHEDULE:**

The Town began to report the schedule of changes in net pension liability with it implemented GASB Statement No. 67 in fiscal year 2014.

*Benefit changes* : There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions* : In 2016, the mortality table was changed from the RP-2000 Mortality Table projected to the valuation date with Scale AA to the RP-2000 Mortality Table projected to the valuation date with Scale BB.

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS - PENSION (UNAUDITED)**  
**BOARD OF EDUCATION EMPLOYEES' PENSION PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 142,155	\$ 188,446	\$ 183,963
Interest	298,952	285,926	284,622
Actuarial (gains) losses	(81,477)	(41,393)	(165,334)
Benefit payments, including refunds	(218,122)	(205,772)	(179,476)
Net change in total pension liability	141,508	227,207	123,775
Total pension liability - beginning	5,094,678	4,867,471	4,743,696
Total pension liability - ending	<u>5,236,186</u>	<u>5,094,678</u>	<u>4,867,471</u>
<b>Plan net position</b>			
Contributions - employer	279,225	246,409	256,031
Contributions - members	55,390	54,183	56,031
Net investment income	60,843	43,794	386,335
Benefit payments, including refunds	(218,122)	(205,772)	(179,476)
Administrative expenses	(5,012)	(47,697)	(12,516)
Other	-	208	-
Net change in plan net position	172,324	91,125	506,405
Plan net position - beginning	3,913,678	3,822,553	3,316,148
Plan net position - ending	<u>4,086,002</u>	<u>3,913,678</u>	<u>3,822,553</u>
<b>Town's net pension liability</b>	<u>\$ 1,150,184</u>	<u>\$ 1,181,000</u>	<u>\$ 1,044,918</u>
<b>Plan net pension as percentage of total pension liability</b>	78.0%	76.8%	78.5%
<b>Covered employee payroll</b>	\$ 1,515,260	\$ 1,642,588	\$ 1,558,932
<b>Town net pension liability as a percentage of covered employee payroll</b>	75.9%	71.9%	67.0%

**NOTES TO THE SCHEDULE:**

The Town began to report the schedule of changes in net pension liability with it implemented GASB Statement No. 67 in fiscal year 2014.

*Benefit changes* : There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions* : In 2016, the mortality table was changed from the RP-2000 Mortality Table projected to the valuation date to the 2016 PPA Funding Table projected to the valuation date.

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION ASSET AND RELATED RATIOS - PENSION (UNAUDITED)**  
**VOLUNTEER FIREFIGHTERS' PENSION PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 6,048	\$ 6,048	\$ 6,092
Interest	18,236	18,928	18,377
Actuarial (gains) losses	-	408	-
Benefit payments, including refunds	(14,050)	(13,996)	(17,836)
Net change in total pension liability	10,234	11,388	6,633
Total pension liability - beginning	303,434	292,046	285,413
Total pension liability - ending	<u>313,668</u>	<u>303,434</u>	<u>292,046</u>
<b>Plan net position</b>			
Contributions - employer	2,380	11,577	11,577
Contributions - members	-	-	-
Net investment income	4,864	13,442	72,286
Benefit payments, including refunds	(14,050)	(13,996)	(17,836)
Administrative expenses	(117)	-	-
Net change in plan net position	(6,923)	11,023	66,027
Plan net position - beginning	334,515	323,492	257,465
Plan net position - ending	<u>327,592</u>	<u>334,515</u>	<u>323,492</u>
<b>Town's net pension asset</b>	<u>\$ (13,924)</u>	<u>\$ (31,081)</u>	<u>\$ (31,446)</u>
<b>Plan net pension as percentage of total pension liability</b>	104.4%	110.2%	110.8%
<b>Covered employee payroll</b>	Not applicable	Not applicable	Not applicable
<b>Town net pension liability as a percentage of covered employee payroll</b>	Not applicable	Not applicable	Not applicable

**NOTES TO THE SCHEDULE:**

The Town began to report the schedule of changes in net pension liability with it implemented GASB Statement No. 67 in fiscal year 2014.

*Benefit changes* : There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions* : There were no changes in assumptions that affected the measurement of the pension liability.

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)**  
**TOWN EMPLOYEES' PENSION PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 137,126	\$ 131,852	\$ 186,330
Contributions in relation to actuarially determined contribution	<u>137,126</u>	<u>131,852</u>	<u>186,330</u>
Excess (deficiency) of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,422,470	\$ 1,367,760	\$ 1,315,154
Contributions as a percentage of covered employee payroll	9.64%	9.64%	14.17%
Annual money-weighted rate of return, net of investment expense	3.84%	6.73%	16.77%

**NOTES TO THE SCHEDULE:**

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Cost
Amortization method	Not applicable
Remaining amortization period	Not applicable
Asset valuation method	Market Value
Inflation	3.0%
Salary increases	4.0%
Investment rate of return	6.5%, net of pension plan investment expense, including inflation
Retirement age	65
Mortality	RP-2000 Mortality Table projected to the valuation date with Scale BB

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)**  
**BOARD OF EDUCATION EMPLOYEES' PENSION PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 331,755	\$ 300,592	\$ 312,031
Contributions in relation to actuarially determined contribution	<u>334,615</u>	<u>300,592</u>	<u>312,270</u>
Excess (deficiency) of contribution	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 239</u>
Covered payroll	\$ 1,515,260	\$ 1,642,588	\$ 1,558,932
Contributions as a percentage of covered employee payroll	22.08%	18.30%	20.03%
Annual money-weighted rate of return, net of investment expense	1.52%	1.16%	13.80%

**NOTES TO THE SCHEDULE:**

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market Value
Inflation	6.0%
Salary increases	4.0%
Investment rate of return	6.0%, net of pension plan investment expense, including inflation
Retirement age	65
Mortality	2016 PPA Funding Table

*See accompanying Independent Auditor's Report.*

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)**  
**VOLUNTEER FIREFIGHTERS' PENSION PLAN**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,380	\$ 11,577	\$ 11,577
Contributions in relation to actuarially determined contribution	<u>2,380</u>	<u>11,577</u>	<u>11,577</u>
Excess (deficiency) of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	1.90%	4.20%	28.48%

**NOTES TO THE SCHEDULE:**

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Not applicable
Remaining amortization period	Not applicable
Asset valuation method	Market Value
Inflation	6.50%
Salary increases	Not applicable
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Retirement age	65
Mortality	RP-2000 Mortality Table projected to the valuation date with Scale AA

*See accompanying Independent Auditor's Report.*

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**  
**(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.27%	0.27%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>29,518</u>	<u>27,284</u>
Total	<u>\$ 29,518</u>	<u>\$ 27,284</u>
Town's covered payroll	\$ 10,623	\$ 10,469
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**NOTES TO THE SCHEDULE:**

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

*Benefit changes* : There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions* : There were no changes in assumptions that affected the measurement of the pension liability.

**TOWN OF SOMERS, CONNECTICUT  
SCHEDULE OF FUNDING PROGRESS -  
OTHER POST-RETIREMENT BENEFIT PLAN (UNAUDITED)  
LAST THREE ACTUARIAL VALUATIONS**

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, 2014*	\$ -	\$ 4,585,470	\$ 4,585,470	-	\$ 12,776,000	35.9%
July 1, 2012	-	6,604,341	6,604,341	-	12,500,000	52.8%
July 1, 2010	-	5,795,161	5,795,161	-	11,290,000	51.3%

\* The July 1, 2014 actuarial valuation reflects the following significant changes from the July 1, 2012 actuarial valuation:

- 1) An actuarial gain of approximately \$3 million due to experience gains attributed to lower per capita costs from switching to a high deductible plan and a drop in the number of certified retirees from an assumed rate of retirees accepting benefits.
- 2) An actuarial loss of approximately \$800 thousand due to a change in the mortality table from the RP-2000 mortality table to the RP-2014 mortality table and due to a change in the expected medical inflation trend.

*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, 2016**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
<b>PROPERTY TAXES</b>				
Revenues from property taxes	\$ 19,851,127	\$ 19,851,127	\$ 20,090,427	\$ 239,300
Interest and lien fees	-	-	125,789	125,789
Total property taxes	<u>19,851,127</u>	<u>19,851,127</u>	<u>20,216,216</u>	<u>365,089</u>
<b>INTERGOVERNMENTAL</b>				
Education and transportation grants	6,113,718	6,113,718	6,125,003	11,285
Pequot Indian grant	1,677,361	1,677,361	1,710,137	32,776
Payment in lieu of tax, state property	1,390,791	1,390,791	1,342,637	(48,154)
Property tax relief grants	77,784	77,784	71,838	(5,946)
Municipal project grant	82,324	82,324	-	(82,324)
Local capital improvement grants	21,615	21,615	21,615	-
Police grants	35,000	35,000	29,517	(5,483)
Other grants	15,000	15,000	4,794	(10,206)
Telephone tax	15,000	15,000	13,903	(1,097)
Total intergovernmental	<u>9,428,593</u>	<u>9,428,593</u>	<u>9,319,444</u>	<u>(109,149)</u>
<b>CHARGES FOR SERVICES</b>				
Building permit fees	82,000	82,000	134,365	52,365
Bulky waste fees	89,000	89,000	96,079	7,079
Cell tower rentals	70,000	70,000	87,651	17,651
Conveyance taxes	50,000	50,000	106,122	56,122
Town clerk fees	42,000	42,000	63,795	21,795
Transfer station permit fees	47,000	47,000	52,642	5,642
Recreation fees	45,000	45,000	-	(45,000)
Police service fees	35,000	35,000	20,775	(14,225)
Tuition	20,000	20,000	14,414	(5,586)
Summer camp fees	35,000	35,000	-	(35,000)
Other recycling	20,000	20,000	19,976	(24)
Property sales	2,000	2,000	-	(2,000)
Other revenue	7,500	7,500	40,138	32,638
Sanitarian fees	15,000	15,000	23,980	8,980
Brush and wood fees	7,500	7,500	8,083	583
Fire marshall fees	3,500	3,500	5,500	2,000
Zoning Commission fees	2,500	2,500	2,650	150
Pistol permit fees	3,500	3,500	9,030	5,530
Camp program fees	7,500	7,500	-	(7,500)
Property rentals	3,000	3,000	6,862	3,862
Mini bus donations	2,500	2,500	1,846	(654)
Planning Commission fees	3,000	3,000	20	(2,980)
Generator rebate	2,500	2,500	2,657	157
Fire watch service fees	-	-	3,826	3,826
Other licenses and permit fees	500	500	475	(25)
Conservation Commission fees	1,500	1,500	1,670	170
Zoning Board of Appeals fees	1,000	1,000	1,800	800
Zoning permit fees	2,000	2,000	4,315	2,315
Total charges for services	<u>600,000</u>	<u>600,000</u>	<u>708,671</u>	<u>108,671</u>
<b>INVESTMENT EARNINGS</b>				
	10,000	10,000	37,868	27,868
Total revenues	<u>29,889,720</u>	<u>29,889,720</u>	<u>30,282,199</u>	<u>392,479</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in from the Ambulance Fund	196,399	196,399	196,399	-
Operating transfer in from the Water Fund	85,000	85,000	-	(85,000)
Appropriation from fund balance	524,984	524,984	-	(524,984)
Total other financing sources	<u>806,383</u>	<u>806,383</u>	<u>196,399</u>	<u>(609,984)</u>
Total revenues and other financing sources	<u>\$ 30,696,103</u>	<u>\$ 30,696,103</u>	<u>\$ 30,478,598</u>	<u>\$ (217,505)</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF SOMERS, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
<b>GENERAL GOVERNMENT</b>				
Board of Assessment Appeals	\$ 105	\$ 105	\$ 90	\$ (15)
Board of Finance	45,500	42,241	42,052	(189)
Assessor	98,850	96,127	95,621	(506)
Finance	205,826	210,568	209,973	(595)
Selectmen	532,556	489,474	488,252	(1,222)
Building Department	77,555	79,841	78,892	(949)
Conservation	15,940	16,018	15,969	(49)
Election	27,000	44,005	43,822	(183)
Employee Benefits	963,240	1,116,190	1,116,007	(183)
Information Technology	96,407	128,797	128,798	1
Land Use	171,355	191,941	191,301	(640)
Planning	1,800	585	-	(585)
Probate Court	7,000	7,000	7,000	-
Tax Collector	82,535	80,070	79,627	(443)
Town Clerk	106,301	108,742	108,663	(79)
Zoning Board of Appeals	1,500	2,207	2,207	-
Zoning	1,950	1,872	1,069	(803)
Total general government	2,435,420	2,615,783	2,609,343	(6,440)
<b>PUBLIC SAFETY</b>				
Fire Marshall	51,314	44,380	42,988	(1,392)
Fire Protection	716,723	702,073	699,685	(2,388)
Police Protection	750,463	672,605	658,529	(14,076)
Civil Preparedness	10,000	4,304	4,304	-
Total public safety	1,528,500	1,423,362	1,405,506	(17,856)
<b>PUBLIC WORKS</b>				
Town Facilities	513,070	536,748	536,748	-
Highway Department	685,160	712,415	798,021	85,606
Public Works	747,459	720,565	718,113	(2,452)
Park and Recreation Maintenance	54,400	65,463	65,463	-
Total public works	2,000,089	2,035,191	2,118,345	83,154
<b>SANITATION</b>				
Water Pollution Control Authority	76,725	78,923	77,323	(1,600)
Transfer Station	439,480	433,380	431,862	(1,518)
Total sanitation	516,205	512,303	509,185	(3,118)
<b>HEALTH AND SOCIAL SERVICES</b>				
Eldery Services	3,601	3,601	3,601	-
Ambulance	76,425	81,359	75,003	(6,356)
Human Services	100,169	102,657	100,787	(1,870)
Total health and social services	180,195	187,617	179,391	(8,226)
<b>LIBRARY</b>				
	460,430	434,189	423,459	(10,730)
<b>CULTURE AND RECREATION</b>				
Recreation Commission	45,000	46,609	46,027	(582)
Senior Services	23,700	33,670	30,250	(3,420)
Senior and Disabled Transportation	62,310	47,082	43,171	(3,911)
Community Services	2,000	2,000	1,752	(248)
Self-support Programs	90,000	-	-	-
Total culture and recreation	223,010	129,361	121,200	(8,161)
<b>OTHER</b>				
	45,000	62,221	32,220	(30,001)

*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, 2016**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
<b>EDUCATION</b>				
Administrative salaries	\$ 1,318,425	\$ 1,323,425	\$ 1,330,131	\$ 6,706
Forms and printing	11,500	11,500	10,986	(514)
Postage	11,195	11,195	11,060	(135)
Board of education	103,150	103,150	56,307	(46,843)
Instructional dues	26,745	26,745	26,416	(329)
Instructional salaries	9,715,578	9,563,578	9,516,817	(46,761)
Other instructional salaries	462,379	427,379	396,195	(31,184)
Clerical/aides salaries	1,452,544	1,452,544	1,454,152	1,608
Textbooks	86,400	111,400	130,635	19,235
Library books and supplies	13,750	13,750	16,728	2,978
Audio visual materials	10,400	10,400	10,796	396
Systemwide general supplies	44,800	44,800	44,175	(625)
Departmental supplies	131,010	131,010	133,091	2,081
Workbooks and texts	61,280	64,280	58,578	(5,702)
Travel and conferences in-service	33,050	33,050	36,089	3,039
Office supplies	9,225	9,225	8,247	(978)
Medical Advisor salary	1,500	1,500	1,500	-
Nurses' salaries	166,060	177,060	181,037	3,977
Health supplies	11,000	11,000	14,157	3,157
Regular transportation	654,400	606,400	605,621	(779)
Special education transportation	290,800	338,800	342,732	3,932
Athletic/field trip transportation	34,480	34,480	25,740	(8,740)
Maintenance salaries	716,376	717,376	708,078	(9,298)
Fuel	203,200	162,200	160,957	(1,243)
Electricity	407,977	378,977	371,402	(7,575)
Telephone	28,600	28,600	29,837	1,237
Propane gas	9,000	9,000	3,738	(5,262)
Custodial supplies	45,000	45,000	45,627	627
General maintenance	415,871	585,871	610,437	24,566
Equipment replacement	2,800	2,800	6,523	3,723
Insurance/social security	3,509,175	3,419,175	3,394,493	(24,682)
Equipment rental	52,440	52,440	51,206	(1,234)
Coaches	148,818	148,818	145,402	(3,416)
Activity advisors	39,312	39,312	40,036	724
Athletic equipment and supplies	79,716	86,716	85,663	(1,053)
Capital outlay and equipment	193,570	318,570	328,110	9,540
Tuition - non special education	150,000	150,000	137,005	(12,995)
Tuition - vocational education	8,000	8,000	-	(8,000)
Tuition - special education	771,500	771,500	731,624	(39,876)
Adult education	12,900	12,900	13,412	512
Other	20,000	20,000	8,944	(11,056)
Total education	<u>21,463,926</u>	<u>21,463,926</u>	<u>21,283,685</u>	<u>(180,241)</u>
<b>DEBT SERVICE</b>	<u>1,621,328</u>	<u>1,610,150</u>	<u>1,608,678</u>	<u>(1,472)</u>
<b>TOTAL EXPENDITURES</b>	<u>30,474,103</u>	<u>30,474,103</u>	<u>30,291,012</u>	<u>(183,091)</u>
<b>OTHER FINANCING USES</b>				
Operating transfers out:				
Revaluation Fund	22,000	22,000	22,000	-
Capital Project Fund	200,000	200,000	200,000	-
Total other financing uses	<u>222,000</u>	<u>222,000</u>	<u>222,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 30,696,103</u>	<u>\$ 30,696,103</u>	<u>\$ 30,513,012</u>	<u>\$ (183,091)</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, 2016**

Grand List Year	Balance Uncollected July 1, 2015	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2016
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2014	\$ -	\$ 20,207,717	\$ 20,253	\$ 48,084	\$ -	\$ 20,179,886	\$ 19,909,113	\$ 59,082	\$ 19,968,195	\$ 270,773
2013	231,454	-	439	6,735	-	225,158	150,637	36,285	186,922	74,521
2012	91,399	-	51	2,924	16,862	71,664	46,541	19,095	65,636	25,123
2011	4,877	-	86	901	-	4,062	(193)	100	(93)	4,255
2010	3,590	-	113	38	-	3,665	135	28	163	3,530
2009 and prior	(6,674)	-	563	935	-	(7,046)	(59)	3	(56)	(6,987)
	<u>\$ 324,646</u>	<u>\$ 20,207,717</u>	<u>\$ 21,505</u>	<u>\$ 59,617</u>	<u>\$ 16,862</u>	<u>\$ 20,477,389</u>	<u>\$ 20,106,174</u>	<u>\$ 114,593</u>	<u>\$ 20,220,767</u>	<u>\$ 371,215</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, 2016**

Total cash collections for the year ended  
June 30, 2016:

Taxes	\$ 20,106,174
Interest and lien fees	114,593
	<u>20,220,767</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	71,838
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Base \$ 20,292,605

	<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	\$ 45,658,361	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	91,316,723	-	-	-
3-3/4 times base	-	-	76,097,269	-	-
3-1/4 times base	-	-	-	65,950,966	-
3 times base	-	-	-	-	60,877,815
Total debt limitation	<u>45,658,361</u>	<u>91,316,723</u>	<u>76,097,269</u>	<u>65,950,966</u>	<u>60,877,815</u>
Indebtedness:					
Bonds payable	4,908,438	9,181,562	-	-	-
Authorized, but unissued	1,000	-	-	-	-
Total indebtedness	<u>4,909,438</u>	<u>9,181,562</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 40,748,923</u>	<u>\$ 82,135,161</u>	<u>\$ 76,097,269</u>	<u>\$ 65,950,966</u>	<u>\$ 60,877,815</u>
Total capacity of borrowing (7 times base)	\$ 142,048,235				
Total present indebtedness	<u>14,091,000</u>				
Margin for additional borrowing	<u>\$ 127,957,235</u>				

*See accompanying Independent Auditor's Report.*

# ***Combining Statements***

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## PERMANENT FUND

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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.

**Cemetery Working Fund** - To account for revenues that are restricted to fund the operations of the Town's cemeteries.

**TOWN OF SOMERS, CONNECTICUT  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
JUNE 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor		Total Nonmajor Governmental Funds
			Permanent Funds Library Trust Fund	Cemetery Trust Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,466,733	\$ 132,697	\$ 184,852	\$ 62,163	\$ 1,846,445
Investments	-	-	465,022	737,515	1,202,537
Receivables:					
Assessments and user charges	74,463	-	-	-	74,463
Grants and contracts	9,135	-	-	-	9,135
Other	90,762	-	-	-	90,762
Due from other funds	114,843	-	-	-	114,843
Total assets	<u>\$ 1,755,936</u>	<u>\$ 132,697</u>	<u>\$ 649,874</u>	<u>\$ 799,678</u>	<u>\$ 3,338,185</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 85,867	\$ -	\$ -	\$ 6,314	\$ 92,181
Due to other funds	431,398	-	-	-	431,398
Unearned revenue	100,798	-	-	-	100,798
Advances from other fund	-	132,912	-	-	132,912
Total liabilities	<u>618,063</u>	<u>132,912</u>	<u>-</u>	<u>6,314</u>	<u>757,289</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	165,225	-	-	-	165,225
<b>FUND BALANCES</b>					
Nonspendable	-	-	75,000	-	75,000
Restricted for other purposes	-	-	574,874	793,364	1,368,238
Committed for:					
Capital purposes	-	132,697	-	-	132,697
Other purposes	972,648	-	-	-	972,648
Unassigned	-	(132,912)	-	-	(132,912)
Total fund balances	<u>972,648</u>	<u>(215)</u>	<u>649,874</u>	<u>793,364</u>	<u>2,415,671</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,755,936</u>	<u>\$ 132,697</u>	<u>\$ 649,874</u>	<u>\$ 799,678</u>	<u>\$ 3,338,185</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, 2016**

	Nonmajor	Nonmajor	Nonmajor		Total Nonmajor Governmental Funds
	Special Revenue Funds	Capital Projects Funds	Fund - Library Trust Fund	Fund - Cemetery Trust Fund	
<b>REVENUES</b>					
Intergovernmental	\$ 973,238	\$ -	\$ -	\$ -	\$ 973,238
Charges for services	964,350	48,834	-	98,022	1,111,206
Investment income	1,785	279	2,509	49,952	54,525
Other	49,202	-	-	-	49,202
Total revenues	<u>1,988,575</u>	<u>49,113</u>	<u>2,509</u>	<u>147,974</u>	<u>2,188,171</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	72,194	-	-	-	72,194
Public works	430,509	-	-	-	430,509
Sanitation	130,652	-	-	-	130,652
Health and social services	14,108	-	-	65,048	79,156
Library	25,057	-	6,674	-	31,731
Culture and recreation	155,468	-	-	-	155,468
Education	916,439	-	-	-	916,439
Total expenditures	<u>1,744,427</u>	<u>-</u>	<u>6,674</u>	<u>65,048</u>	<u>1,816,149</u>
Excess (deficiency) of revenues over expenditures	244,148	49,113	(4,165)	82,926	372,022
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	9,700	-	-	-	9,700
Transfers out	(196,399)	-	(9,700)	-	(206,099)
Total other financing uses	<u>(186,699)</u>	<u>-</u>	<u>(9,700)</u>	<u>-</u>	<u>(196,399)</u>
Net change in fund balances	57,449	49,113	(13,865)	82,926	175,623
Fund balances - beginning	<u>915,199</u>	<u>(49,328)</u>	<u>663,739</u>	<u>710,438</u>	<u>2,240,048</u>
Fund balances - ending	<u>\$ 972,648</u>	<u>\$ (215)</u>	<u>\$ 649,874</u>	<u>\$ 793,364</u>	<u>\$ 2,415,671</u>

*See accompanying Independent Auditor's Report.*

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## SPECIAL REVENUE FUNDS

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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.

**Recreation Commission Fund** - To account for revenues that have been committed by the Town to fund recreation programs.

**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.

**Flag Fund** - To account for donations and contributions to be used for the purchase of flags.

**TOWN OF SOMERS, CONNECTICUT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016**

	Road Maintenance Fund	Educational Grants Fund	School Lunch Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Economic Development Fund	Water Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 92,434	\$ 92,101	\$ 53,460	\$ 14,018	\$ -	\$ 10,765	\$ 11,835	\$ 8,928
Receivables:								
Assessments and user charges	-	-	-	-	-	-	-	44,200
Grants and contracts	-	9,135	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	19,531	-	-	29,634
Total assets	<u>\$ 92,434</u>	<u>\$ 101,236</u>	<u>\$ 53,460</u>	<u>\$ 14,018</u>	<u>\$ 19,531</u>	<u>\$ 10,765</u>	<u>\$ 11,835</u>	<u>\$ 82,762</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 55,099	\$ -	\$ -	\$ 8,386	\$ 1,581	\$ -	\$ -
Due to other funds	92,434	-	-	1,487	-	-	-	5,286
Unearned revenue	-	46,137	-	-	-	-	-	-
Total liabilities	<u>92,434</u>	<u>101,236</u>	<u>-</u>	<u>1,487</u>	<u>8,386</u>	<u>1,581</u>	<u>-</u>	<u>5,286</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	-	-	-	-	-	-	-	44,200
<b>FUND BALANCES</b>								
Committed for other purposes	-	-	53,460	12,531	11,145	9,184	11,835	33,276
Total fund balances	<u>-</u>	<u>-</u>	<u>53,460</u>	<u>12,531</u>	<u>11,145</u>	<u>9,184</u>	<u>11,835</u>	<u>33,276</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,434</u>	<u>\$ 101,236</u>	<u>\$ 53,460</u>	<u>\$ 14,018</u>	<u>\$ 19,531</u>	<u>\$ 10,765</u>	<u>\$ 11,835</u>	<u>\$ 82,762</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF SOMERS, CONNECTICUT**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**JUNE 30, 2016**

	Ambulance Fund	Cultural Commission Fund	Recreation Commission Fund	Library Fund	Historic & Land Preservation Fund	Sewer Fund	Flag Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 368,318	\$ 16,121	\$ 101,762	\$ 7,440	\$ 18,231	\$ 671,320	\$ -	\$ 1,466,733
Receivables:								
Assessments and user charges	-	-	-	-	-	30,263	-	74,463
Grants and contracts	-	-	-	-	-	-	-	9,135
Other	90,762	-	-	-	-	-	-	90,762
Due from other funds	-	-	-	-	65,623	-	55	114,843
Total assets	<u>\$ 459,080</u>	<u>\$ 16,121</u>	<u>\$ 101,762</u>	<u>\$ 7,440</u>	<u>\$ 83,854</u>	<u>\$ 701,583</u>	<u>\$ 55</u>	<u>\$ 1,755,936</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 12,877	\$ 300	\$ 3,347	\$ -	\$ 3,230	\$ 1,047	\$ -	\$ 85,867
Due to other funds	-	-	37,363	-	-	294,828	-	431,398
Unearned revenue	-	-	54,661	-	-	-	-	100,798
Total liabilities	<u>12,877</u>	<u>300</u>	<u>95,371</u>	<u>-</u>	<u>3,230</u>	<u>295,875</u>	<u>-</u>	<u>618,063</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	90,762	-	-	-	-	30,263	-	165,225
<b>FUND BALANCES</b>								
Committed for other purposes	355,441	15,821	6,391	7,440	80,624	375,445	55	972,648
Total fund balances	<u>355,441</u>	<u>15,821</u>	<u>6,391</u>	<u>7,440</u>	<u>80,624</u>	<u>375,445</u>	<u>55</u>	<u>972,648</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 459,080</u>	<u>\$ 16,121</u>	<u>\$ 101,762</u>	<u>\$ 7,440</u>	<u>\$ 83,854</u>	<u>\$ 701,583</u>	<u>\$ 55</u>	<u>\$ 1,755,936</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, 2016**

	<b>Road Maintenance Fund</b>	<b>Educational Grants Fund</b>	<b>School Lunch Fund</b>	<b>Emergency Fund</b>	<b>Dog Fund</b>	<b>Meals on Wheels Fund</b>	<b>Economic Development Fund</b>	<b>Water Fund</b>
<b>REVENUES</b>								
Intergovernmental	\$ 429,923	\$ 539,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	375,547	6,462	12,294	7,625	1,000	10,448
Interest income	267	-	-	17	-	-	6	5
Other	-	-	-	-	-	2,026	-	-
Total revenues	<u>430,190</u>	<u>539,800</u>	<u>375,547</u>	<u>6,479</u>	<u>12,294</u>	<u>9,651</u>	<u>1,006</u>	<u>10,453</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	4,071	7,702	-	-	-
Public works	430,509	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	14,108	-	-
Library	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Education	-	539,800	376,639	-	-	-	-	-
Total expenditures	<u>430,509</u>	<u>539,800</u>	<u>376,639</u>	<u>4,071</u>	<u>7,702</u>	<u>14,108</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(319)	-	(1,092)	2,408	4,592	(4,457)	1,006	10,453
<b>OTHER FINANCING SOURCES (USES)</b>								
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	(319)	-	(1,092)	2,408	4,592	(4,457)	1,006	10,453
Fund balances - beginning	<u>319</u>	<u>-</u>	<u>54,552</u>	<u>10,123</u>	<u>6,553</u>	<u>13,641</u>	<u>10,829</u>	<u>22,823</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,460</u>	<u>\$ 12,531</u>	<u>\$ 11,145</u>	<u>\$ 9,184</u>	<u>\$ 11,835</u>	<u>\$ 33,276</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 (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Ambulance Fund</u>	<u>Cultural Commission Fund</u>	<u>Recreation Commission Fund</u>	<u>Library Fund</u>	<u>Historic &amp; Land Preservation Fund</u>	<u>Sewer Fund</u>	<u>Flag Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ 3,515	\$ -	\$ -	\$ -	\$ 973,238
Charges for services	301,631	11,417	111,988	5,783	5,859	114,296	-	964,350
Interest income	580	8	-	4	53	845	-	1,785
Other	-	-	38,580	6,996	-	1,600	-	49,202
Total revenues	<u>302,211</u>	<u>11,425</u>	<u>150,568</u>	<u>16,298</u>	<u>5,912</u>	<u>116,741</u>	<u>-</u>	<u>1,988,575</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	60,421	-	-	-	-	-	-	72,194
Public works	-	-	-	-	-	-	-	430,509
Sanitation	-	-	-	-	-	130,652	-	130,652
Health and social services	-	-	-	-	-	-	-	14,108
Library	-	-	-	25,057	-	-	-	25,057
Culture and recreation	-	10,893	144,177	-	398	-	-	155,468
Education	-	-	-	-	-	-	-	916,439
Total expenditures	<u>60,421</u>	<u>10,893</u>	<u>144,177</u>	<u>25,057</u>	<u>398</u>	<u>130,652</u>	<u>-</u>	<u>1,744,427</u>
Excess (deficiency) of revenues over expenditures	241,790	532	6,391	(8,759)	5,514	(13,911)	-	244,148
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	9,700	-	-	-	9,700
Transfers out	(196,399)	-	-	-	-	-	-	(196,399)
Total other financing sources (uses)	<u>(196,399)</u>	<u>-</u>	<u>-</u>	<u>9,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(186,699)</u>
Net change in fund balances	45,391	532	6,391	941	5,514	(13,911)	-	57,449
Fund balances - beginning	<u>310,050</u>	<u>15,289</u>	<u>-</u>	<u>6,499</u>	<u>75,110</u>	<u>389,356</u>	<u>55</u>	<u>915,199</u>
Fund balances - ending	<u>\$ 355,441</u>	<u>\$ 15,821</u>	<u>\$ 6,391</u>	<u>\$ 7,440</u>	<u>\$ 80,624</u>	<u>\$ 375,445</u>	<u>\$ 55</u>	<u>\$ 972,648</u>

*See accompanying Independent Auditor's Report.*

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## CAPITAL PROJECTS FUNDS

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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:

**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, 2016**

	<b>School Construction Fund</b>	<b>Municipal Open Space Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 132,697	\$ 132,697
Total assets	<u>\$ -</u>	<u>\$ 132,697</u>	<u>\$ 132,697</u>
<b>LIABILITIES</b>			
Advances from other fund	\$ 132,912	\$ -	\$ 132,912
Total liabilities	<u>132,912</u>	<u>-</u>	<u>132,912</u>
<b>FUND BALANCES</b>			
Committed for capital purposes	-	132,697	132,697
Unassigned	(132,912)	-	(132,912)
Total fund balances (deficit)	<u>(132,912)</u>	<u>132,697</u>	<u>(215)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 132,697</u>	<u>\$ 132,697</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF SOMERS, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>School Construction Fund</u>	<u>Municipal Open Space Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 48,834	\$ 48,834
Interest income	-	279	279
Total revenues	<u>-</u>	<u>49,113</u>	<u>49,113</u>
<b>EXPENDITURES</b>			
Capital outlays	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	49,113	49,113
Fund balances - beginning	<u>(132,912)</u>	<u>83,584</u>	<u>(49,328)</u>
Fund balances - ending	<u>\$ (132,912)</u>	<u>\$ 132,697</u>	<u>\$ (215)</u>

*See accompanying Independent Auditor's Report.*

***Fiduciary  
Funds***

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## PENSION TRUST FUNDS AND AGENCY FUNDS

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### 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, the Volunteer Firefighters' Incentive Plan, and the Volunteer Firefighters' 407(b) Deferred Compensation 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, 2016**

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	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,837	\$ 209,012	\$ 16,847	\$ 337,696
Investments	3,110,684	3,876,990	312,296	7,299,970
Other	-	-	-	-
Total assets	<u>3,222,521</u>	<u>4,086,002</u>	<u>329,143</u>	<u>7,637,666</u>
<b>LIABILITIES</b>				
Accounts payable	<u>1,269</u>	<u>-</u>	<u>1,551</u>	<u>2,820</u>
Total liabilities	<u>1,269</u>	<u>-</u>	<u>1,551</u>	<u>2,820</u>
<b>NET POSITION</b>				
Restricted for pensions	<u>\$ 3,221,252</u>	<u>\$ 4,086,002</u>	<u>\$ 327,592</u>	<u>\$ 7,634,846</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, 2016**

	<b>Town Employees' Plan</b>	<b>Board of Education Employees' Plan</b>	<b>Volunteer Firefighters' Incentive Plan</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 137,126	\$ 279,225	\$ 2,380	\$ 418,731
Plan members	104,933	55,390	-	160,323
Total contributions	<u>242,059</u>	<u>334,615</u>	<u>2,380</u>	<u>579,054</u>
Investment earnings:				
Interest and dividends	82,224	129,894	6,905	219,023
Net change in the fair value of investments, net of investment fees	36,654	(69,050)	(421)	(32,817)
Total investment earnings, net	<u>118,878</u>	<u>60,844</u>	<u>6,484</u>	<u>186,206</u>
Total additions	<u>360,937</u>	<u>395,459</u>	<u>8,864</u>	<u>765,260</u>
<b>DEDUCTIONS</b>				
Benefit payments	44,496	218,122	14,050	276,668
Administrative expenses	3,196	5,012	117	8,325
Total deductions	<u>47,692</u>	<u>223,134</u>	<u>14,167</u>	<u>284,993</u>
Change in net position	313,245	172,325	(5,303)	480,267
Net Position Held in Trust for				
Pension Benefits:				
Beginning	<u>2,908,007</u>	<u>3,913,677</u>	<u>332,895</u>	<u>7,154,579</u>
Ending	<u>\$ 3,221,252</u>	<u>\$ 4,086,002</u>	<u>\$ 327,592</u>	<u>\$ 7,634,846</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF SOMERS, CONNECTICUT  
 COMBINING STATEMENT OF FIDUCIARY  
 ASSETS AND LIABILITIES - AGENCY FUNDS  
 JUNE 30, 2016**

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	<b>Student Activities Funds</b>	<b>Bond Deposit Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 296,927	\$ 37,932	\$ 334,859
Total assets	\$ 296,927	\$ 37,932	\$ 334,859
<b>LIABILITIES</b>			
Due to others	\$ 296,927	\$ 37,932	\$ 334,859
Total liabilities	\$ 296,927	\$ 37,932	\$ 334,859

*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, 2016**

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2016</u>
<b>Student Activities Funds</b>				
Assets				
Cash and cash equivalents	\$ 217,119	\$ 922,422	\$ 842,614	\$ 296,927
Liabilities				
Due to others	\$ 217,119	\$ 922,422	\$ 842,614	\$ 296,927
<b>Bond Deposit Fund</b>				
Assets				
Cash and cash equivalents	\$ 36,932	\$ 9,000	\$ 8,000	\$ 37,932
Liabilities				
Due to others	\$ 36,932	\$ 9,000	\$ 8,000	\$ 37,932
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 235,215	\$ 931,422	\$ 850,614	\$ 334,859
Liabilities				
Due to others	\$ 235,215	\$ 931,422	\$ 850,614	\$ 334,859

*See accompanying Independent Auditor's Report.*

# **STATISTICAL SECTION**

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## STATISTICAL SECTION

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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.

<b>CONTENTS</b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	89
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	95
<b>Debt Capacity</b>	
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.	98
<b>Demographic and Economic Information</b>	
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.	101
<b>Operating Information</b>	
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.	102

**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				
	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	\$ 35,304,308	\$ 36,774,384	\$ 38,094,992	\$ 39,619,014	\$ 38,972,295
Restricted	316,030	298,815	345,544	375,142	467,790
Unrestricted	7,664,624	7,953,501	7,095,822	6,224,532	4,497,207
Total governmental activities net position	<u>\$ 43,284,962</u>	<u>\$ 45,026,700</u>	<u>\$ 45,536,358</u>	<u>\$ 46,218,688</u>	<u>\$ 43,937,292</u>
	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities					
Net investment in capital assets	\$ 39,544,160	\$ 39,917,453	\$ 41,657,339	\$ 42,583,307	\$ 44,264,729
Restricted	685,697	552,290	632,490	663,739	1,443,238
Unrestricted	4,406,532	5,666,268	6,129,427	5,400,289 *	4,416,124
Total governmental activities net position	<u>\$ 44,636,389</u>	<u>\$ 46,136,011</u>	<u>\$ 48,419,256</u>	<u>\$ 48,647,335</u>	<u>\$ 50,124,091</u>

\* The Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. The implementation of GASB No. 68 resulted in a cumulative effect adjustment on unrestricted net position in the amount of \$(1,055,455).

Table 2

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,647,209	\$ 2,850,726	\$ 3,355,461	\$ 2,400,957	\$ 2,671,986	\$ 1,847,141	\$ 2,157,177	\$ 2,325,664	\$ 2,331,088	\$ 2,002,274
Public safety	1,265,878	1,477,575	1,511,369	1,572,666	1,710,710	1,737,616	1,780,489	1,798,758	1,533,228	1,958,451
Public works	1,317,306	1,797,973	1,512,162	1,465,614	1,647,722	3,593,895	2,225,255	2,545,433	3,052,927	3,248,072
Sanitation (1)	903,235	855,350	941,549	793,200	829,323	815,396	713,943	716,871	575,329	692,430
Health and social services	111,926	123,753	79,031	311,741	175,649	159,253	144,374	170,823	324,383	323,088
Library	401,716	398,753	459,413	596,090	497,825	485,491	482,812	476,667	596,012	680,409
Culture and recreation	118,581	155,661	191,635	450,294	173,635	234,757	264,883	288,716	172,374	337,360
Education	20,560,330	27,443,607	23,493,123	23,336,796	23,864,113	24,187,619	24,225,731	25,147,599	25,355,643	25,824,877
Interest expense	887,476	985,345	866,922	760,415	679,951	600,495	605,379	405,209	474,218	459,038
Total governmental activities expenses	<u>28,213,657</u>	<u>36,088,743</u>	<u>32,410,665</u>	<u>31,687,773</u>	<u>32,250,914</u>	<u>33,661,663</u>	<u>32,600,043</u>	<u>33,875,740</u>	<u>34,415,202</u>	<u>35,525,999</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	592,586	875,576	461,600	427,882	480,114	469,503	926,179	576,834	647,983	410,857
Public safety	270,742	253,105	260,037	316,922	263,266	292,985	282,149	307,782	345,569	381,644
Sanitation (1)	526,047	346,233	620,878	408,709	349,593	311,334	181,864	133,313	105,876	303,371
Health and social services	-	-	-	65,203	79,088	74,751	63,045	58,282	77,059	107,493
Library	-	-	-	-	-	-	16,873	9,411	7,897	5,783
Culture and recreation	81,799	106,933	65,084	184,493	136,993	148,914	123,409	93,661	96,025	178,098
Education	470,413	475,982	478,530	449,219	444,099	438,616	397,739	395,133	372,690	436,625
Operating grants and contributions	7,305,431	14,756,945	9,191,247	9,183,208	9,458,832	10,797,450	9,546,817	10,288,334	9,678,492	10,082,242
Capital grants and contributions	2,348,475	660,135	1,018,766	1,376,142	794,874	736,754	134,708	1,573,883	1,473,996	1,485,386
Total governmental activities program revenues	<u>11,595,493</u>	<u>17,474,909</u>	<u>12,096,142</u>	<u>12,411,778</u>	<u>12,006,859</u>	<u>13,270,307</u>	<u>11,672,783</u>	<u>13,436,633</u>	<u>12,805,587</u>	<u>13,391,499</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(16,618,164)	(18,613,834)	(20,314,523)	(19,275,995)	(20,244,055)	(20,391,356)	(20,927,260)	(20,439,107)	(21,609,615)	(22,134,500)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes, levied for general purposes	15,488,458	16,021,551	16,648,953	17,000,499	17,172,881	18,015,130	19,129,203	19,488,998	19,562,114	20,304,828
Grants and contributions not restricted to specific programs	3,780,097	3,900,091	4,117,089	2,857,667	2,799,849	2,990,206	3,193,542	3,049,172	3,285,474	3,138,513
Unrestricted investment earnings	600,706	433,930	58,139	100,159	205,679	85,117	124,247	184,182	45,561	96,463
Sale of capital assets	-	-	-	-	-	-	-	-	-	71,452
Total governmental activities	<u>19,869,261</u>	<u>20,355,572</u>	<u>20,824,181</u>	<u>19,958,325</u>	<u>20,178,409</u>	<u>21,090,453</u>	<u>22,446,992</u>	<u>22,722,352</u>	<u>22,893,149</u>	<u>23,611,256</u>
<b>Special items - loss on sale of capital assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,215,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 3,251,097</u>	<u>\$ 1,741,738</u>	<u>\$ 509,658</u>	<u>\$ 682,330</u>	<u>\$ (2,281,396)</u>	<u>\$ 699,097</u>	<u>\$ 1,519,732</u>	<u>\$ 2,283,245</u>	<u>\$ 1,283,534</u>	<u>\$ 1,476,756</u>

(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				
	2007	2008	2009	2010	2010
Governmental activities:					
General government	\$ 848,865	\$ 1,483,196	\$ 1,330,462	\$ 429,478	\$ 626,782
Public safety	293,221	453,624	408,559	335,999	365,841
Public works	278,406	118,329	107,462	975,690	514,350
Sanitation	526,047	346,233	620,878	408,709	561,770
Health and social services	5,335	6,559	5,335	227,570	79,088
Library	21,747	24,975	252,980	382,459	86,966
Culture and recreation	81,799	109,238	65,084	338,773	293,610
Education	9,540,073	14,932,755	9,305,382	9,313,100	9,478,452
Total governmental activities	<u>\$ 11,595,493</u>	<u>\$ 17,474,909</u>	<u>\$ 12,096,142</u>	<u>\$ 12,411,778</u>	<u>\$ 12,006,859</u>

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities:					
General government	\$ 486,206	\$ 934,326	\$ 576,834	\$ 647,983	\$ 414,257
Public safety	310,172	316,560	479,391	418,008	407,095
Public works	1,929,980	410,069	1,459,630	1,972,328	699,840
Sanitation	345,901	181,864	141,088	105,876	303,371
Health and social services	77,641	63,045	75,447	78,617	151,919
Library	77,083	20,185	21,484	18,081	16,294
Culture and recreation	131,671	123,409	543,661	101,025	216,678
Education	9,911,653	9,623,325	10,139,098	9,463,669	11,182,045
Total governmental activities	<u>\$ 13,270,307</u>	<u>\$ 11,672,783</u>	<u>\$ 13,436,633</u>	<u>\$ 12,805,587</u>	<u>\$ 13,391,499</u>

Table 4

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$ 329,886	\$ 416,886	\$ 549,764	\$ 421,071	\$ 401,863
Committed	-	-	-	780,737	780,737
Total general fund	<u>3,236,028</u>	<u>4,011,387</u>	<u>4,823,278</u>	<u>4,166,099</u>	<u>3,314,760</u>
	<u>\$ 3,565,914</u>	<u>\$ 4,428,273</u>	<u>\$ 5,373,042</u>	<u>\$ 5,367,907</u>	<u>\$ 4,497,360</u>
All Other Governmental Funds					
Nonspendable					
Restricted	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Committed	203,884	289,162	301,324	321,957	392,790
Unassigned	1,897,645	2,229,468	2,958,702	2,561,501	2,451,887
Total all other governmental funds	<u>(1,846,852)</u>	<u>(517,590)</u>	<u>(247,351)</u>	<u>(245,285)</u>	<u>(209,695)</u>
	<u>\$ 329,677</u>	<u>\$ 2,076,040</u>	<u>\$ 3,087,675</u>	<u>\$ 2,713,173</u>	<u>\$ 2,709,982</u>
	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 93,474	\$ 74,786	\$ 185,098	\$ 163,398	\$ 132,912
Restricted	194,587	-	-	-	-
Committed	840,737	900,737	846,845	814,624	787,237
Assigned	179,364	246,729	160,167	611,645	629,566
Unassigned	3,806,587	4,878,614	5,624,179	6,182,226	6,144,025
Total general fund	<u>\$ 5,114,749</u>	<u>\$ 6,100,866</u>	<u>\$ 6,816,289</u>	<u>\$ 7,771,893</u>	<u>\$ 7,693,740</u>
All Other Governmental Funds					
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	416,110	477,290	1,146,275	4,186,015	3,843,971
Committed	2,418,024	2,645,183	2,263,475	2,555,611	1,531,383
Unassigned	(142,366)	(134,896)	(132,912)	(132,912)	(132,912)
Total all other governmental funds	<u>\$ 2,766,768</u>	<u>\$ 3,062,577</u>	<u>\$ 3,351,838</u>	<u>\$ 6,683,714</u>	<u>\$ 5,317,442</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Property taxes	\$ 15,478,254	\$ 16,063,571	\$ 16,722,954	\$ 17,017,421	\$ 17,058,185	\$ 18,065,407	\$ 19,088,274	\$ 19,400,489	\$ 19,918,176	\$ 20,216,216
Intergovernmental	13,957,041	19,775,405	14,627,317	12,930,223	13,473,047	14,775,994	13,056,442	14,911,608	14,853,013	14,658,547
Charges for services	653,611	687,299	1,580,755	1,902,923	1,774,242	1,757,373	1,848,530	1,562,816	1,645,771	1,777,206
Investment income	600,706	433,869	58,139	100,159	205,679	85,117	124,247	184,182	45,561	96,463
Miscellaneous	1,358,499	1,626,222	344,259 *	422,446	127,551	81,710	123,225	25,107	8,213	49,202
Total revenues	<u>32,048,111</u>	<u>38,586,366</u>	<u>33,333,424</u>	<u>32,373,172</u>	<u>32,638,704</u>	<u>34,765,601</u>	<u>34,240,718</u>	<u>36,084,202</u>	<u>36,470,734</u>	<u>36,797,634</u>
<b>Expenditures</b>										
General government	2,092,107	2,452,665	2,353,643	2,370,322	2,454,899	1,777,569	2,186,516	2,240,095	2,295,288	2,630,385
Public safety	1,152,176	1,311,287	1,231,913	1,314,825	1,440,640	1,468,427	1,481,217	1,553,050	1,352,487	1,495,792
Public works	1,088,571	1,089,718	1,107,129	1,109,644	1,209,961	2,876,181	1,808,620	1,978,226	2,402,320	2,542,360
Sanitation	824,962	680,408	714,259	671,790	897,332	665,016	570,221	564,017	569,211	656,268
Health and social services	114,300	113,831	68,742	302,112	162,032	149,363	134,885	160,785	310,116	258,547
Library	371,440	366,299	398,098	417,900	468,247	458,881	457,280	458,579	478,247	455,190
Culture and recreation	105,968	137,518	174,799	480,064	149,018	216,937	247,785	261,706	170,633	273,401
Education	19,281,192	26,539,838	21,837,453	21,885,472	22,743,734	23,154,419	23,333,131	24,318,652	25,011,634	24,934,363
Miscellaneous	465,323	390,195	924,141	- **	120,000	-	-	-	-	-
Debt service:										
Principal payments	1,889,742	2,128,567	2,450,664	2,321,091	2,224,578	1,747,369	1,594,800	1,439,865	1,233,884	1,588,113
Interest and fiscal charges	875,516	903,767	865,591	761,087	668,650	591,562	593,658	415,770	473,253	471,313
Capital outlays	4,496,287	2,130,356	3,779,384	1,118,502	1,147,252	1,461,154	748,455	3,438,773	2,354,344	3,505,088
Total expenditures	<u>32,757,584</u>	<u>38,244,449</u>	<u>35,905,816</u>	<u>32,752,809</u>	<u>33,686,343</u>	<u>34,566,878</u>	<u>33,156,568</u>	<u>36,829,518</u>	<u>36,651,417</u>	<u>38,810,820</u>
Excess of revenues over (under) expenditures	<u>(709,473)</u>	<u>341,917</u>	<u>(2,572,392)</u>	<u>(379,637)</u>	<u>(1,047,639)</u>	<u>198,723</u>	<u>1,084,150</u>	<u>(745,316)</u>	<u>(180,683)</u>	<u>(2,013,186)</u>

\* - 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)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds	\$ -	\$ 7,100,000	\$ -	\$ -	\$ -	\$ -	\$ 7,610,000	\$ -	\$ 5,320,000	\$ -
Premium on issuance of bonds	-	5,417	-	-	-	-	462,953	-	271,122	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(7,875,166)	-	-	-
Issuance of bond anticipation note	3,200,000	-	-	-	-	-	-	1,750,000	-	-
Payment of bond anticipation note	-	(3,200,000)	-	-	-	-	-	-	(1,750,000)	-
Capital leases	118,195	105,000	176,462	-	173,902	475,452	-	-	417,324	545,429
Other proceeds	-	-	-	-	-	-	-	-	209,717	71,753
Transfers in	1,012,799	1,621,153	685,899	714,504	455,000	784,203	1,104,768	635,246	525,000	406,099
Transfers out	(1,012,799)	(1,621,153)	(685,899)	(714,504)	(455,000)	(784,203)	(1,104,768)	(635,246)	(525,000)	(406,099)
Total other financing sources (uses)	<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>	<u>4,468,163</u>	<u>617,182</u>
 Net change in fund balances	 <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>	 <u>\$ 4,287,480</u>	 <u>\$ (1,396,004)</u>
 Debt service as a percentage of noncapital expenditures	 <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>	 <u>5.0%</u>	 <u>6.2%</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) Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2015	705,017,950	211,635,250	9,404,600	926,057,800	178,389,480	747,668,320	23.37	1,068,097,600	70.00%
2016	709,722,440	210,470,550	9,466,000	929,658,990	178,320,280	751,338,710	23.37	1,073,341,014	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.

Source: Town of Somers, Office of the Assessor.

Table 7

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

<b>Taxpayer</b>	<b>2016</b>		<b>2007</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total Town Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Town Taxable Assessed Value</b>
Somers Solar Center, LLC	\$ 18,657,870	2.01%	\$ -	0.00%
Connecticut Light & Power Company	8,147,910	0.88%	4,574,590	0.56%
Conval, Inc.	4,899,540	0.53%	-	0.00%
Grower Direct Farms, Inc.	3,765,570	0.41%	1,944,000	0.24%
Blake S. Prestley & Helen D.	3,077,790	0.33%	-	0.00%
Somers Crossing, LLC	2,425,400	0.26%	-	0.00%
The Connecticut Water Company	2,162,040	0.23%	1,332,580	0.16%
Somers Recreation, Inc.	1,809,110	0.19%	1,558,970	0.19%
Birkenshaw, David	1,715,480	0.18%	1,525,210	0.19%
Driving Range 349 Main Street, LLC	1,457,380	0.16%	-	0.00%
<b>Total</b>	<b>\$ 48,118,090</b>	<b>5.18%</b>	<b>\$ 10,935,350</b>	<b>1.34%</b>
 Total Taxable Assessed Real Estate Value *	 <b>\$ 929,658,990</b>		 <b>\$ 814,030,185</b>	

\* Total Taxable Assessed Real Estate Value before Exempt Property

**Note:** A property revaluation was performed in 2015.

**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
2007	\$ 15,438,818	\$ 15,258,285	98.83%	\$ 126,791	\$ 15,385,076	99.65%
2008	15,985,836	15,781,620	98.72%	163,335	15,944,955	99.74%
2009	16,622,495	16,457,607	99.01%	132,022	16,589,629	99.80%
2010	16,790,911	16,646,987	99.14%	113,822	16,760,809	99.82%
2011	17,038,590	16,827,615	98.76%	164,833	16,992,448	99.73%
2012	17,736,719	17,523,381	98.80%	168,553	17,691,934	99.75%
2013	18,591,286	18,369,471	98.81%	182,508	18,551,979	99.79%
2014	19,288,638	19,038,264	98.70%	202,504	19,240,768	99.75%
2015	19,620,357	19,353,138	98.64%	150,637	19,503,775	99.41%
2016	20,207,717	19,909,113	98.52%	-	19,909,113	98.52%

**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				
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
2015	16,012,613	-	612,771	16,625,384	1.56%	4.36%	1,471
2016	14,605,458	-	895,087	15,500,545	1.44%	4.05%	1,356

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

Table 10

**TOWN OF SOMERS, CONNECTICUT  
RATIOS OF NET GENERAL BONDED DEBT  
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					
2007	\$ 16,500,000		\$ 16,500,000	1.76%	5.87%	\$ 1,523
2008	21,680,000		21,680,000	2.27%	7.70%	1,998
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		15,215,000	1.44%	4.28%	1,347
2012	13,595,000		13,595,000	1.29%	3.72%	1,170
2013	12,956,060		12,956,060	1.23%	3.22%	1,132
2014	11,537,141		11,537,141	1.08%	2.97%	995
2015	16,012,613		16,012,613	1.50%	4.20%	1,417
2016	14,605,458		14,605,458	1.36%	3.82%	1,278

**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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Legal Debt Margin Calculation:										
Total capacity of borrowing (7 times base)	\$ 108,174,374	\$ 112,256,683	\$ 117,329,933	\$ 118,436,023	\$ 119,578,025	\$ 124,784,597	\$ 130,596,214	\$ 135,638,237	\$ 138,462,688	\$ 142,048,235
Total present indebtedness	<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>	<u>15,416,000</u>	<u>14,091,000</u>
Margin for additional borrowing	<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>	<u>\$ 123,046,688</u>	<u>\$ 127,957,235</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	22.22%	17.06%	14.97%	13.55%	12.16%	10.62%	9.45%	12.03%	11.13%	9.92%

**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 12

**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
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%
2015	11,303	380,911,100	33,700	41.8	12.0	1,473	4.5%
2016	11,432	382,343,240	33,445	43.4	12.0	1,442	5.3%

(1) U.S. Department of Commerce, Bureau of Census, 2014 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)**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Finance	2	2	2	2	2	2	2	3	3	3
Planning	1	1	-	-	-	-	-	-	-	-
Building	2	2	2	2	2	2	2	2	2	2
Other	9	10	10	9	9	9	7	7	8	8
Police										
Officers	2	1	1	1	1	2	2	4	4	5
State Troopers	-	-	-	-	-	-	-	3	2	2
Civilians	1	1	1	1	1	-	-	-	-	-
Fire										
Firefighters and officers	7	7	7	7	7	7	7	8	11	8
Refuse collection	4	3	3	3	3	2	-	2	2	2
Public works	11	9	8	8	8	9	13	8	8	8
Parks and recreation	2	3	3	2	2	1	2	4	5	6
Library	9	9	9	9	9	8	8	10	10	10
Sanitation	1	2	2	2	2	2	2	2	2	2
Transit	2	2	2	2	2	2	2	2	3	4
<b>Total</b>	<u>53</u>	<u>52</u>	<u>50</u>	<u>48</u>	<u>48</u>	<u>46</u>	<u>47</u>	<u>53</u>	<u>57</u>	<u>58</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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Criminal investigations	252	277	233	276	296	266	292	247	297	351
Motor vehicle accidents	109	144	150	140	127	133	130	130	133	110
DWI Arrests	42	28	17	19	24	33	36	29	34	13
Fire										
Emergency responses	528	522	907	932	1,058	1,225	999	929	1,046	1,144
Fires extinguished	29	41	26	15	23	25	21	28	12	30
Inspections	(1) 128	144	203	251	240	234	252	246	317	207
Refuse collection										
Refuse collected (tons per year)	4,041	3,943	3,794	2,810	4,345 (2)	3,733 (2)	4,693 (2)	3,053 (2)	3,598	3,818 (2)
Bulky waste (tons per year)	1,112	1,078	944	823	975	1,045	779	803	786	761
Recycling (tons per year)					(2)	490 (2)	666 (2)	2,310 (2)	3,820	1,120 (2)
Other public works (miles)										
Street resurfacing	12	9	8	8	8	4	7	7	11	2
Paved surface	-	-	1	-	-	1	1	1	1	2
Crack sealing	-	-	-	3	3	6	2	3	1	-
Library										
Volumes in collection	56,930	57,218	54,605	51,305	53,698	56,139	57,822	59,488	65,409	65,439
Total volumes circulated	57,632	81,639	53,680	59,155	60,085	60,468	63,111	58,206	74,435	74,614
Water										
New connections	18	23	13	4	1	-	2	2	5	3
New well permits	16	19	15	9	13	7	7	6	7	12
Wastewater										
New septic permits	46	53	47	38	28	49	11	10	10	13
New sewer connections	25	17	11	14	2	2	6	4	4	3
Average yearly sewage treatment (thousands of gallons)/day	40	38	41	38	39	31	28	29	28	32
Transit (senior bus)										
Total route miles	24,000	25,732	24,732	21,200	28,596	25,486	23,039	25,383	26,746	25,248
Passengers	1,896	1,805	1,218	2,405	3,405	4,136	3,917	4,545	3,808	3,306

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

(2) Transitioned to single stream recycling

Source: Various Town departments.

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

Function/Program	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	5	5	5	5	5	3	4	5
State patrol units	-	-	-	-	-	-	-	3	2	2
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	85	84	84	87	89	89	90	90	90	90
Highways (miles)	8	8	8	8	8	8	8	8	8	8
Streetlights	3	3	3	3	30 (2)	450 (2)	450 (2)	450 (2)	431	460 (2)
Traffic signals	5	5	5	5	5	5	5	9	8	9
Parks and recreation										
Acreage	46	46	46	46	46	59	118	118	118	122
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	9	9	9	9	9	9	9	9	10	10
Soccer/football fields	9	9	9	9	9	10	11	11	11	11
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	13	13	13	13	5 (1)	5 (1)	5 (1)	5 (1)	5	5 (1)
Fire hydrants	82	116	116	176	193	195	200	200	193	193
Storage capacity (thousands of gallons)	345	345	345	345	- (1)	- (1)	- (1)	- (1)	-	- (1)
Wastewater										
Sanitary sewers (miles)	4	4	4	4	4	4	4	4	4	4
Storm sewers (miles)	41	41	41	41	41	41	41	41	35	35
Treatment capacity (thousands of gallons)	65	100	100	100	100	100	97	97	97	97
Transit—minibuses	2	2	2	2	2	2	2	3	2	2

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

(2) Includes streetlights leased from CL&P

**Source:** Various Town departments.