

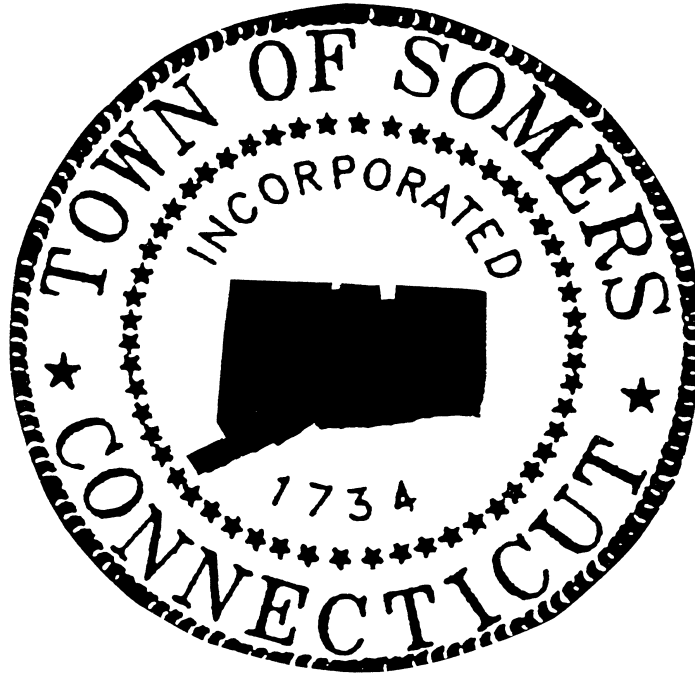
TOWN OF SOMERS, CONNECTICUT



Comprehensive Annual Financial Report

**For The Year Ended
June 30, 2020**

TOWN OF SOMERS, CONNECTICUT



Comprehensive Annual Financial Report

**For The Year Ended
June 30, 2020**

Prepared by:

Finance & Treasury Department

TOWN OF SOMERS, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

TOWN OF SOMERS

600 Main Street
Somers, Connecticut 06071

www.somersct.gov

TEL. (860) 763-8200

FAX (860) 763-8228

FIRST SELECTMAN
C.G.Bud Knorr, Jr.

SELECTMEN
Timothy R.E. Keeney
Timothy Potrikus

December 8, 2020

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 (CAFR) of the Town of Somers, Connecticut (the "Town"), for the fiscal year ended June 30, 2020.

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, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the Town's basic financial statements as of and for the fiscal year ended June 30, 2020, 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 located in north central Connecticut. It is bordered on the north by the Commonwealth of Massachusetts, on the south by the Town of Ellington, on the east by the Town of Stafford and on the west by the Town of Enfield.

The Town is traversed by State routes 83, 186 and 190 and has easy access to routes 5, 30, and Interstate 91, a major north-south highway approximately eight miles from the center of Town. Motor common-carriers provide freight service to the Town. Intrastate buses provide passenger transportation. Bradley International Airport is located approximately 18 miles away in Windsor Locks, Connecticut.

Covering an area of 28.7 square miles, Somers is a growing suburban residential community in the Hartford, Connecticut and Springfield, Massachusetts area with a population of 11,710 as of July 1, 2020. The Town's proximity to both Hartford, 25 miles to the south, and Springfield, 10 miles to the north, has been a major factor in its advance from a rural area to a residential suburb.

Form of Government

Somers has a Town Meeting form of government with a three-member Board of Selectmen and a six-member Board of Finance (two positions are filled every two years). Elections are held biennially in November in every odd-numbered year. The citizens also have the powers and privileges conferred and granted to towns and cities under the Constitution and the General Statutes of the State of Connecticut.

The First Selectman is the full-time Chief Executive and Administrative Officer of the Town and oversees the execution of all laws and ordinances governing the Town. The First Selectman presides over the Board of Selectmen and has full voting privileges on the Board. The First Selectman, with the approval of the Board of Selectmen, appoints members to various commissions and boards. The Board of Finance is responsible for proposing annual budgets and special appropriations at Town Meetings.

Somers' full-time professional staff includes a Treasurer who is appointed by the Board of Selectman after being nominated by a panel comprised of one member of the Board of Finance, one member of the Board of Selectmen and one non-elected individual with a finance background. The Treasurer acts as both the Director of Finance and the Chief Financial Officer of the Town pursuant to the Town's charter. The Treasurer is responsible for the coordination of the activities of the accounting/assessor/tax collector staff and treasury management functions of the Town. In addition, the Treasurer is responsible for assisting the Board of Finance in the preparation of the annual budget; the day-to-day administration of the adopted budget; the maintenance of the general ledgers of the various funds and account groups of the Town; financial planning and cost accounting; data processing; financial report preparation; and supervision of the annual independent audit. The Treasurer is also responsible for the investment of all Town Funds.

Summary of Municipal Services

Police: The Town is served by one supervising Resident State Trooper with additional support from State Police Troop C barracks based out of Tolland, Connecticut. The Town employs three full-time officers and three part-time officers to supplement the coverage provided by the State Troopers. Two of the part-time officers serve as school resource officers during the school year.

Fire and Emergency Service: The Somers Fire Department (SFD) provides all fire, medical and rescue services to the community. SFD is a combination department with both career and volunteer members. The department operates out of a centrally located station with two fire engines, two tanker trucks, three Basic Life Support (BLS) ambulances, and two Advanced Life Support (ALS) Paramedic Intercept Vehicles. Most of the members are cross-trained for both fire and medical responses. There is one paramedic on duty 24 hours per day, 7 days per week, with three more career staff members on duty between 6:00 AM and 6:00 PM during the week. Volunteers primarily staff the department on nights and weekends. For larger incidents, all members assist. Currently there are eight full-time staff, including the Chief. There are also seven part-time firefighters, and the department has a roster of 75 volunteers. The department responds to an average of 1,800 incidents per year with the majority of those being for medical calls. The Town does bill for Emergency Medical Services (EMS) and those payments are held in the Ambulance Special Revenue Fund. The department also houses the Fire Marshal's Office and members are active in fire safety inspections and community outreach activities year-round.

Health: Services are provided by the Home and Community Health Service of Enfield. Services provided include:

- Wellness which offers services at home to those in need who are without adequate insurance;
- Community Services which provide elders wellness such as blood pressure testing and similar services at a center location; and
- Support Services which provide a homemaker for a limited time.

Library: The Somers Public Library provides a variety of programs for children and adults throughout the year. The library currently contains over 68,876 volumes, as well as periodicals, audio-visual materials such as books-on tape and CD, DVD's, music CD's, and downloadable audio and electronic books. The library circulated 40,968 items last year. The library offers full internet access as well as up-to-date word processing and spreadsheet capabilities. Users can access the library's on-line catalog and other databases from their home computers through the library's web page.

Sewers: Limited sewer service is currently available to 9% of the Town's residents. The remainder of residents have private septic systems.

Solid Waste: The Somers Transfer Station/Recycling Center is open four days a week. The Town has transitioned to single stream recycling. The Center also accepts waste oil, auto batteries, tires, refrigerators and air conditioners, brush, woody debris and other bulky wastes for a fee. The Transfer Station requires a \$35 annual residential permit. Homeowners can contract, at their expense, for curbside waste transportation. The Town contracts for the transport and disposal of all solid waste from Somers.

Highway: The Highway division is responsible for maintaining 89.35 miles of roadway, 35 miles of drainage pipes, 1770 catch basins, all Town-owned detention ponds and waterways, five miles of guide rail as well as parking lots and roadways of all Town facilities.

Recreation: The Town's Recreation Department is responsible for offering and supervising activities and running recreation programs. The Parks division of the Public Works Department maintains all recreation facilities and 118 acres of Town grounds including Field Road Park facilities, Town Hall facilities, Tot's field, Sokol Road soccer fields, Firehouse fields, Somersville playground and soccer fields and the Somersville Mill Pond recreation area.

Facilities: The Facilities Division maintains and repairs all Town Buildings including: Town Hall, Piedmont Hall, Kibbe Fuller, Memorial Field, Senior Center, Police Station, Fire Station, Library, Mill Pond Park Building, Old Blacksmith Shop, Sewer Plant Building, Animal Control Facility and DPW/Transfer Station facilities.

Water: The Connecticut Water Company and The Hazardville Water Company provide water to the Central and Somersville sections of Town. The remaining areas have individual wells.

Utilities: Electricity is provided by Eversource Energy.

Education System

The Town's school system services grades: pre-kindergarten through 12 and is governed by the local Board of Education. Somers has a nine-member Board of Education elected to 4-year staggered terms. The primary function of the Board is to establish education policy. Some of the areas for which such policies are set include curriculum, budget request submissions, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation. The Town also has an educational campus where its Elementary, Middle, and High Schools are all located.

Budgetary Procedures

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 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 Connecticut and various departments.
- The Board of Finance reviews each budget with the Board of Selectmen, Board of Education and other elected officials and makes adjustments as determined necessary.
- The Board of Finance 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.
- The Board of Education may reassign resources within its department without seeking Board of Finance approval. The legal level of the 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.
- 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, adopted annual budget.
- All unexpected and unencumbered appropriations lapse at year-end, except those authorized for the capital projects.

Local Economy

The Town is primarily a suburban residential community that derives substantially all of its income from local 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 2020 unemployment rate at 6.8% (not seasonally adjusted), which is lower than the state unemployment rate of 8.1% and the federal unemployment rate of 8.4%. Industry within the Town includes specialty manufacturing, small machine shops, a wholesale nursery, and a solar power generation facility. 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. In FY 2020, the Town saw a slight increase of 3.3% 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.

In October 2019, the Town issued a one-year \$6 million general obligation bond anticipation note (BAN). The proceeds were used to pay-off a \$2 million BAN and to finance the school and roads projects that were in progress. In October 2020, the Town issued a twenty-year \$9.45 million general obligation (GO) bond. S&P Global Ratings assigned its "AA+" long-term rating to Somers, 2020 GO bond issue. They rated the Town's credit outlook as "stable". Along with being used to pay-off the \$6 million BAN outstanding, the 2020 bond proceeds will provide the funding to permanently finance the school and road improvements. The Town will have approximately \$17.6 million in total direct debt outstanding, including capital leases, following this issuance.

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), Connecticut's leading provider of municipal risk financing and risk management services. As a not-for-profit association of Connecticut municipalities, school districts and local public agencies, it provides worker's compensation coverage and services to meet the Town's risk financing and risk management needs.

Recent Accomplishments and Economic Development

Somers is primarily a suburban residential community. Industry within the Town includes specialty manufacturing, small machine shops, a wholesale nursery and a solar power generation facility. This light industry provides stable employment, however, the primary employment of Town residents is provided from industry in neighboring communities in the area between Hartford, Connecticut, and Springfield, Massachusetts. State owned facilities located within the Town, such as the Osborn and Northern Correctional Institutions, provide a stable revenue base.

In an effort to grow its economic base, the Town has taken steps to revamp its zoning regulations to simplify and encourage economic growth and housing development. The Town has also recognized the need to improve its infrastructure, particularly the availability of natural gas, which would benefit existing businesses and farms, as well as attract new businesses. The greatest challenge to such improvement has been the Town's geographical location, which has not yielded favorable results under the utility company's gas line extension hurdle tests. The Town has had numerous discussions with the local gas distribution company. The company, in turn, have provided the Town with a number of options, all of which require the Town to make a significant capital investment. The Town is currently exploring funding alternatives, which would help facilitate the establishment of a gas line in Town thus enabling a number of proposed developments to proceed.

In FY 2018, the Town, with the assistance of Federal and State grant funding, fully remediated the Somersville Mill property, an abandoned textile mill that had been demolished by fire. The Town took ownership of the site in October 2016, thus enabling it to commence clean-up and remediation activities. The Town believes the remediation and restoration of the site presents it with the opportunity to restore the natural beauty of the riverfront and return the property to the tax rolls in a revenue producing capacity while offering potential recreational amenities. The Town determined that this site would be best suited for commercial, recreational, residential, or light industrial use, including mixed-use development. In December 2018, the Town invited experienced, qualified developers to submit proposals for the development of the site. After undergoing a selection process, the Town selected SCG Development, LLC (SCG) for the development of the property. The SCG proposal met the essential parameters of the Vision Statement for the property. The Town and SCG are in the process of negotiating the agreements necessary to proceed with the construction of the Somerville Mill site, a proposed \$25 million affordable housing/apartment and commercial complex, that will expand the tax base and is expected to stimulate added commercial development. In the summer of 2018, the Town completed the Mountain Road Reconstruction Project. This project was designed to improve the existing road grade and drainage along with resurfacing of the 2.6 miles of roadway. The Town received a State Small Town Economic Assistance Program (STEAP) Grant to supplement its existing general obligation bond funding of the project.

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, 2019. This was the twenty first 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 for Fiscal Year ending June 30, 2020 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".

Michael D. Marinaccio
Chief Financial Officer/ Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

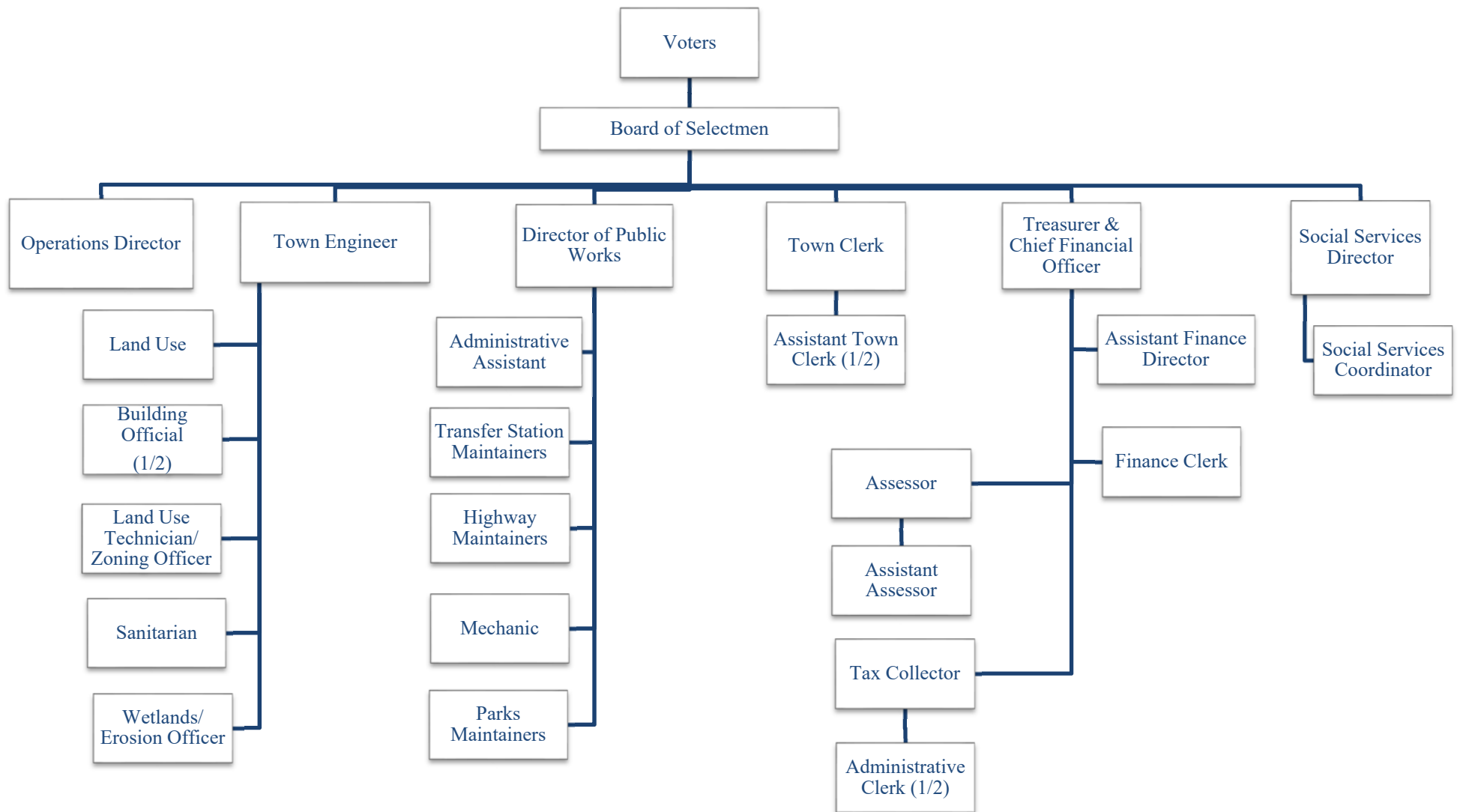
**Town of Somers
Connecticut**

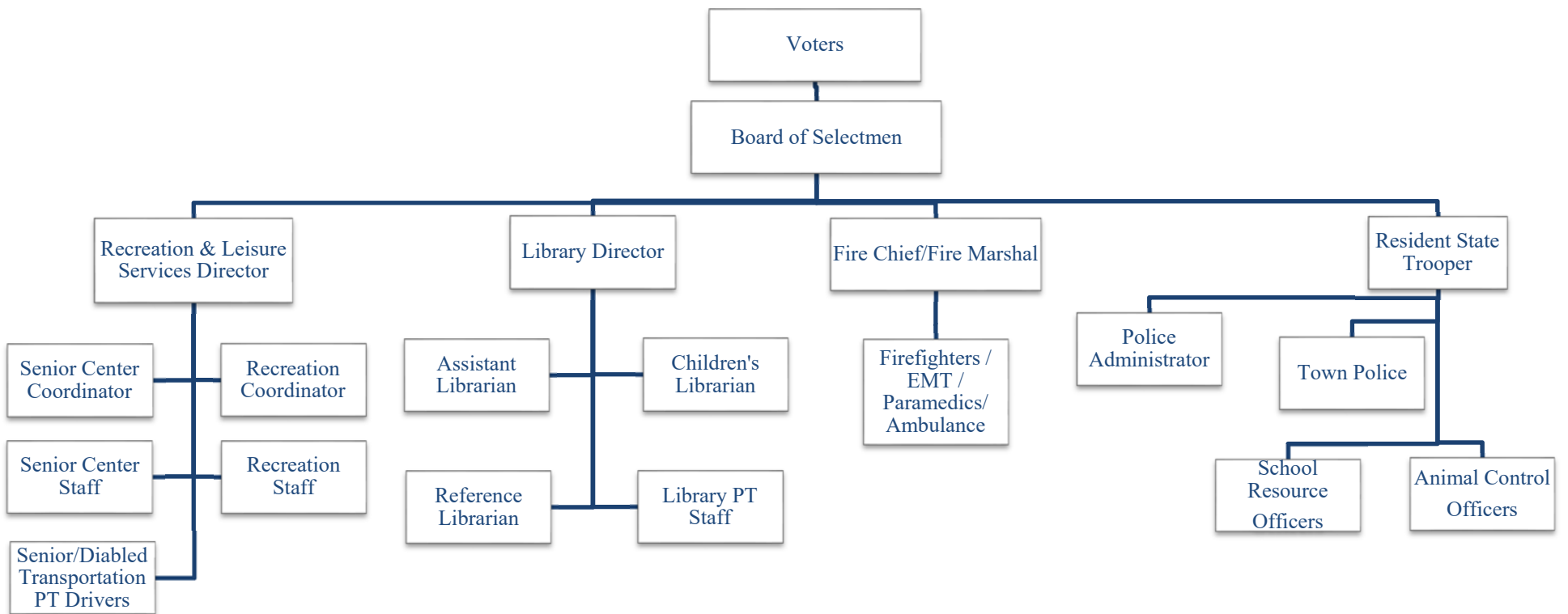
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

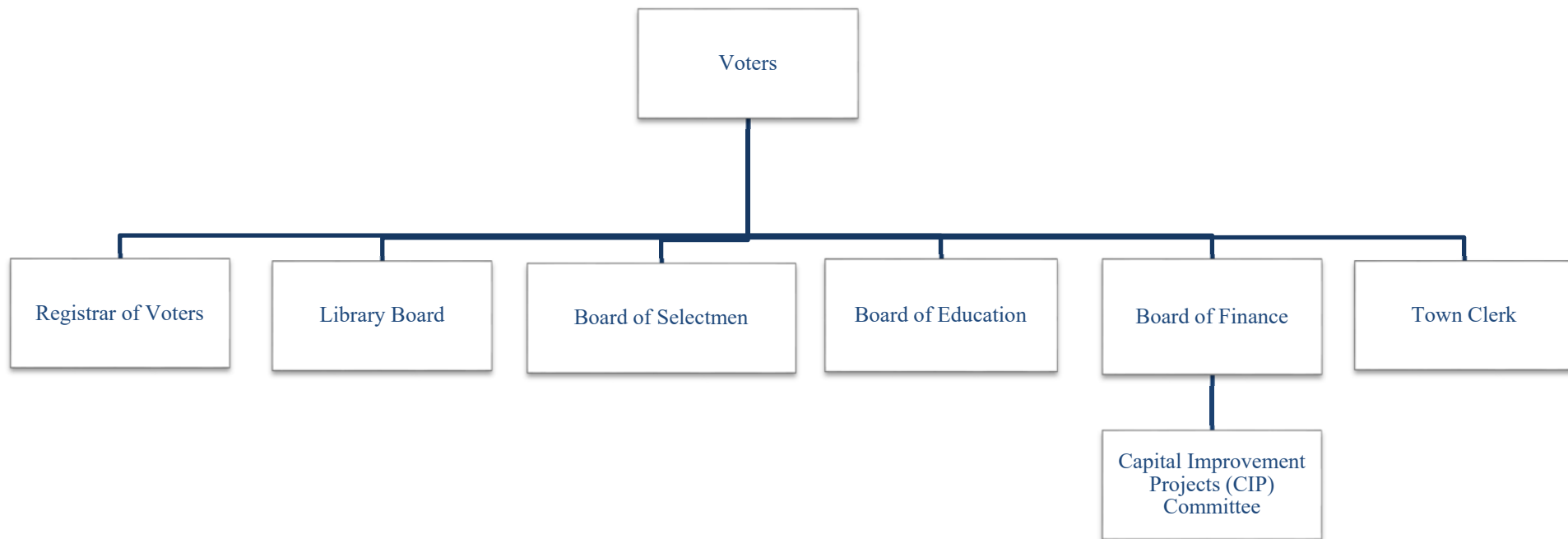
June 30, 2019

Christopher P. Morill

Executive Director/CEO







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

TOWN MEETING – BOARD OF SELECTMEN FORM OF GOVERNMENT

BOARD OF SELECTMEN

Clyde G. “Bud” Knorr, Jr., First Selectman
Timothy Potrikus, Selectman
Timothy Keeney, Selectman

Assessor
Building Official
Chief Financial Officer/Treasurer
Chief of Police
Collector of Taxes
Fire Chief
Social Services Director
Library Director
Town Engineer
Public Works Director
Superintendent of Schools
Town Attorney
Town Clerk
Town Sanitarian

Walter E. Topliff, Jr.
John Collins
Michael D. Marinaccio
Clyde G. “Bud” Knorr, Jr.
Lisa A. Madden
John Roache
Allison Maynard
Jessica Miller
Vacant
Todd Rolland
Brian Czaplá
Carl Landolina
Ann Marie Logan
Steve Jacobs

BOARD OF EDUCATION

Bruce Devlin, Chairman
Anne Kirkpatrick, Vice Chairman
Jan Martin, Secretary
Jeremy Anderson
Sarah Moynihan Bollinger
Krista Cherry
Marissa Marks
Kate McLellan
David Palmer

BOARD OF FINANCE

James Persano, Chairman
Kathy Devlin, Vice Chairman
Joseph Tolisano
Michael Parker
William Salka
William Meier, III

FINANCIAL SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Somers, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Somers, Connecticut (the "Town"), as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 information on pages 70 through 86 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 87 through 107 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 xii and the statistical section on pages 108 through 124 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 8, 2020, 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.



Certified Public Accountants
Glastonbury, Connecticut
December 8, 2020

Management's Discussion and Analysis

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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 - vii 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 \$50,787,966 (net position). Of this amount, \$4,953,819 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's overall net position decreased by \$153,815.
- The Town's total long-term debt consisting of general obligation bonds, bond anticipation notes, and capital leases increased by \$2,778,442 or 22.1% during the current fiscal year. During 2020, the Town issued \$6,000,000 of bond anticipation notes, the proceeds of which were used to retire \$2,000,000 in previously outstanding bond anticipation notes and to provide additional funding for school, road and bridge improvements. The \$6,000,000 of bond anticipation notes were retired through the issuance of general obligation bonds in October 2020.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,921,953, an increase of \$841,357 in comparison with the prior year.
- At the end of the current fiscal year, fund balance of the General Fund was \$7,728,606. Of this amount, \$6,535,770 represents unassigned fund balance that may be appropriated for future spending and \$1,185,836 has been assigned for use in the Town's fiscal year 2021 budget. Unassigned fund balance is sufficient to cover 2.2 months of and represents 18.7% of the General Fund budgetary expenditure appropriation for fiscal year 2021.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

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

The government-wide financial statements can be found on pages 14 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 and the Capital Projects Fund, which are considered to be major funds. Data from the other remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of combining statements.

The basic governmental fund financial statements can be found on pages 16 through 20 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 21 through 23 of this report.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 24 and 25 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

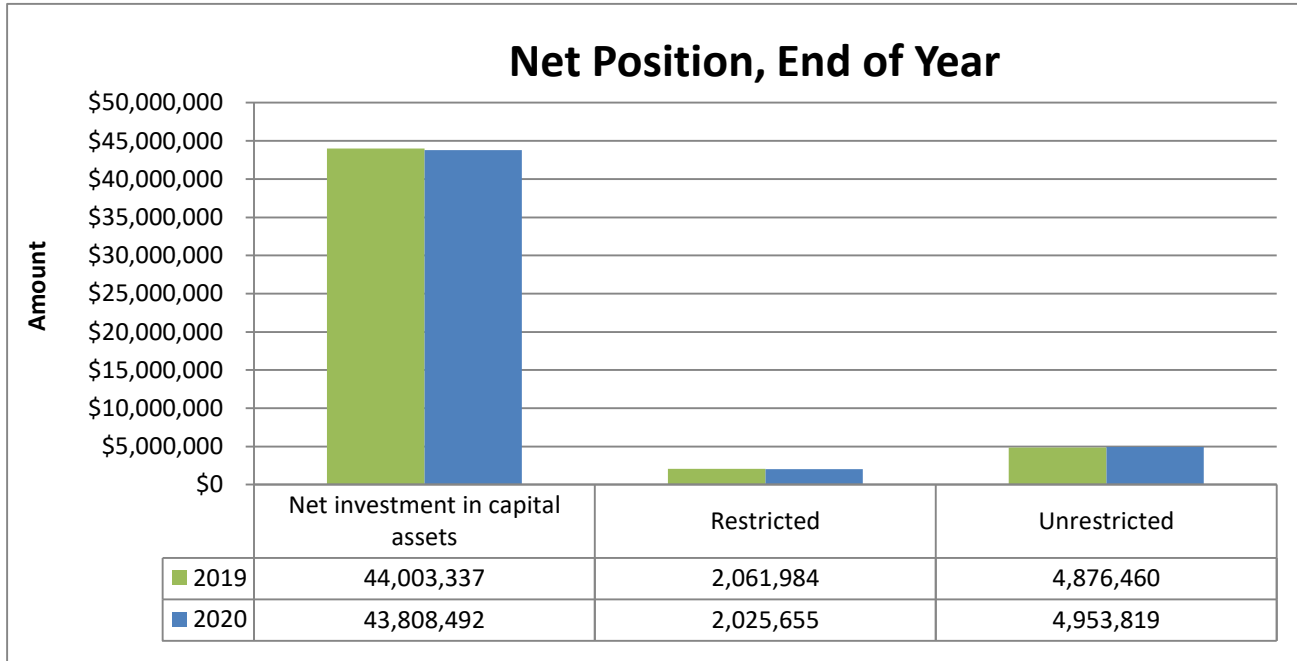
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$50,787,966 as of June 30, 2020 and \$50,941,781 as of June 30, 2019 and is summarized as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and other assets	\$ 18,065,965	\$ 18,152,207	\$ (86,242)	-0.5%
Capital assets, net	57,842,890	54,754,319	3,088,571	5.6%
Total assets	<u>75,908,855</u>	<u>72,906,526</u>	<u>3,002,329</u>	4.1%
Deferred outflows of resources	<u>649,502</u>	<u>344,852</u>	<u>304,650</u>	88.3%
Current and other liabilities	7,671,280	3,127,731	4,543,549	145.3%
Long-term liabilities	<u>13,777,859</u>	<u>15,668,879</u>	<u>(1,891,020)</u>	-12.1%
Total liabilities	<u>21,449,139</u>	<u>18,796,610</u>	<u>2,652,529</u>	14.1%
Deferred inflows of resources	<u>4,321,252</u>	<u>3,512,987</u>	<u>808,265</u>	23.0%
Net position:				
Net investment in capital assets	43,808,492	44,003,337	(194,845)	-0.4%
Restricted	2,025,655	2,061,984	(36,329)	-1.8%
Unrestricted	<u>4,953,819</u>	<u>4,876,460</u>	<u>77,359</u>	1.6%
Total net position	<u>\$ 50,787,966</u>	<u>\$ 50,941,781</u>	<u>\$ (153,815)</u>	-0.3%

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



86.3% of the Town's net position as of June 30, 2020 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.

4.0% of the Town's net position as of June 30, 2020 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) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

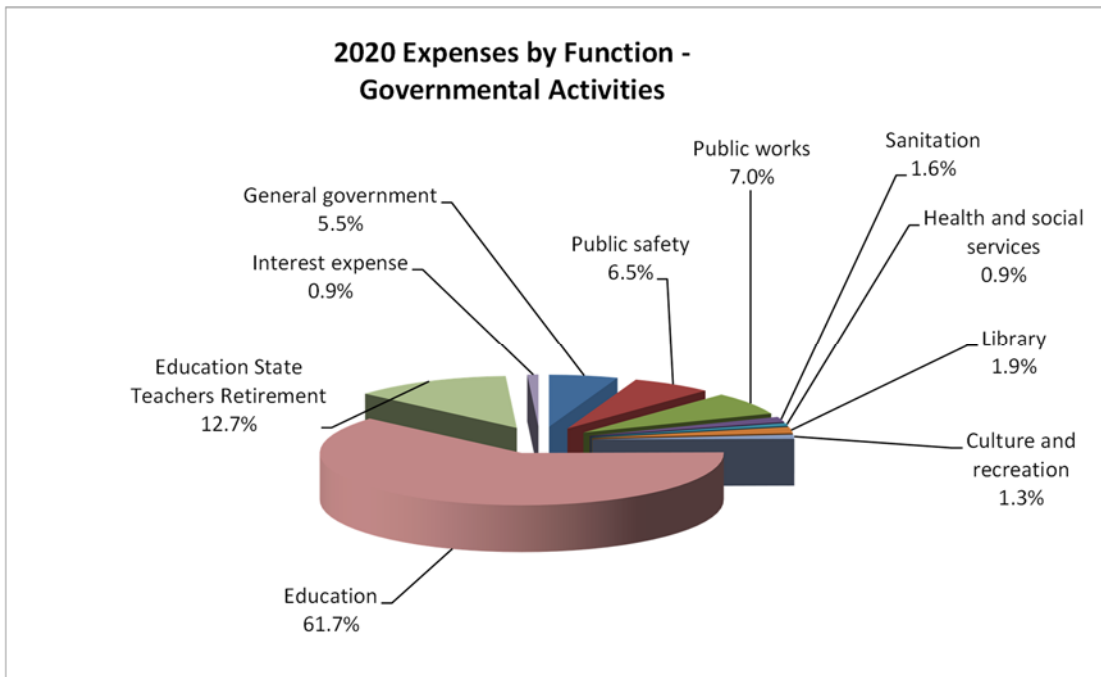
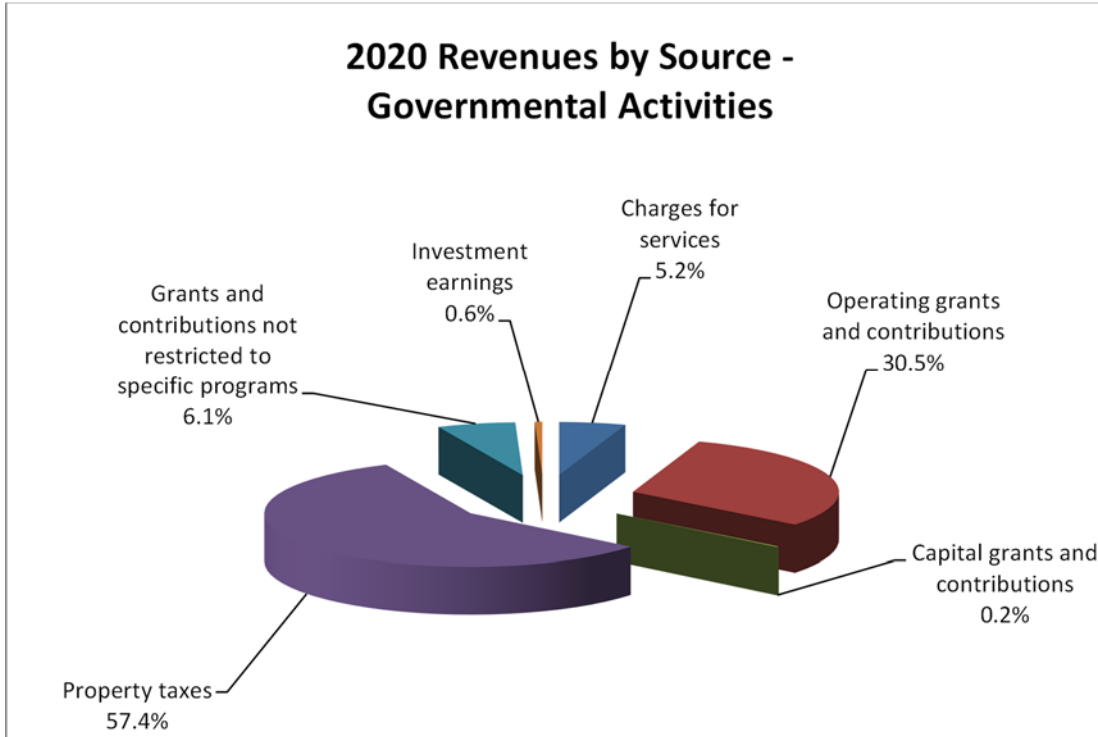
Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 2,153,788	\$ 2,300,412	\$ (146,624)	-6.4%
Operating grants and contributions	12,551,284	9,095,382	3,455,902	38.0%
Capital grants and contributions	99,338	369,181	(269,843)	-73.1%
General revenues:				
Property taxes	23,717,011	23,741,168	(24,157)	-0.1%
Grants and contributions not restricted to specific programs	2,534,204	2,537,378	(3,174)	-0.1%
Investment earnings	244,243	401,210	(156,967)	-39.1%
Total revenues	<u>41,299,868</u>	<u>38,444,731</u>	<u>2,855,137</u>	7.4%
Program expenses				
General government	2,289,221	2,271,372	17,849	0.8%
Public safety	2,684,744	2,276,243	408,501	17.9%
Public works	2,921,774	3,080,041	(158,267)	-5.1%
Sanitation	681,177	709,466	(28,289)	-4.0%
Health and social services	364,605	343,674	20,931	6.1%
Library	797,596	757,731	39,865	5.3%
Culture and recreation	546,393	489,167	57,226	11.7%
Education	25,544,175	25,279,918	264,257	1.0%
Education - State Teachers' Retirement	5,254,244	1,666,408	3,587,836	215.3%
Interest expense	369,754	338,083	31,671	9.4%
Total expenses	<u>41,453,683</u>	<u>37,212,103</u>	<u>4,241,580</u>	11.4%
Change in net position	(153,815)	1,232,628	<u>\$ (1,386,443)</u>	-112.5%
Net position - beginning	<u>50,941,781</u>	<u>49,709,153</u>		
Net position - ending	<u>\$ 50,787,966</u>	<u>\$ 50,941,781</u>		

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*

The Town's net position decreased by \$153,815 during the year ended June 30, 2020, compared to an increase of \$1,232,628 during the year ended June 30, 2019.

Overall revenues increased by \$2,855,137 or 7.4% over the prior year. The change over the prior year was driven by an increase in operating grants and contributions in the amount of \$3,455,902. This increase was driven by an increase in the amount of on-behalf pension and OPEB expenses recognized by Town for its participation in the Connecticut Teachers' Retirement System.

Overall expenses increase by \$4,241,580 or 11.4% over the prior year. The change over the prior year was driven by increase in public safety and education. The increase in public safety was driven by budgetary increases in police protection. The increase in education is due to the on-behalf pension and OPEB expenses recognized by Town for its participation in the Connecticut Teachers' Retirement System.

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 \$12,921,953, an increase of \$841,357 over the prior year. Approximately 73.7% or \$9,525,997 of this amount is considered to be 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 \$7,728,606. Of this amount, \$6,535,770 represents unassigned fund balance that may be appropriated for future spending and \$1,185,836 has been assigned for use in the Town's fiscal year 2021 budget. Unassigned fund balance is sufficient to cover 2.2 months of and represents 18.7% of the General Fund budgetary expenditure appropriation for fiscal year 2021.

The fund balance of the Town's General Fund decreased by \$680,625 during the current fiscal year. The decrease reflects a planned use of fund balance in the amount of \$787,237 contributed to the Other Post-employment Benefits Trust Fund. Refer to General Fund budgetary highlights discussed below for additional discussions regarding the decrease in the fund balance of the General Fund.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 \$1,648,443. Fund balance consisted of unspent bond proceeds restricted for authorized capital projects in the amount of \$1,370,301 and \$278,142 of fund balance committed for related capital purposes. The current year increase in fund balance reflects the recognition of \$6,000,000 in bond anticipation notes, which were subsequently retired through the issuance of general obligation bonds in October 2020. The recognition of debt proceeds was offset by current year capital outlays.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the year ended June 30, 2020 planned for the utilization of fund balance in the amount of \$561,381. During the year, the Town appropriated fund balance and contributed \$787,237 to the Other Post-employment Benefits Trust Fund. The actual change in fund balance of the General Fund on a budgetary basis was a decrease of \$676,723. Revenues were \$404,416 more than expected and expenditures were \$267,479 lower than budgeted. The expenditure surplus was primarily derived from the School District's budget, which incurred reductions in certain costs associated with remote learning that went if affect in pursuant to the Governor's executive order. The revenue surplus was impacted by a revision in the amount of education cost sharing funds provided by the State of Connecticut Department of Education to the Town, in addition to favorable collection on building permit fees and conveyance taxes.

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, 2020 and 2019 totaled \$57,842,890 and \$54,754,319, 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 \$3,088,571 or 5.6%. Current year additions totaled \$5,435,692, which was offset by depreciation and amortization of \$2,347,121.

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

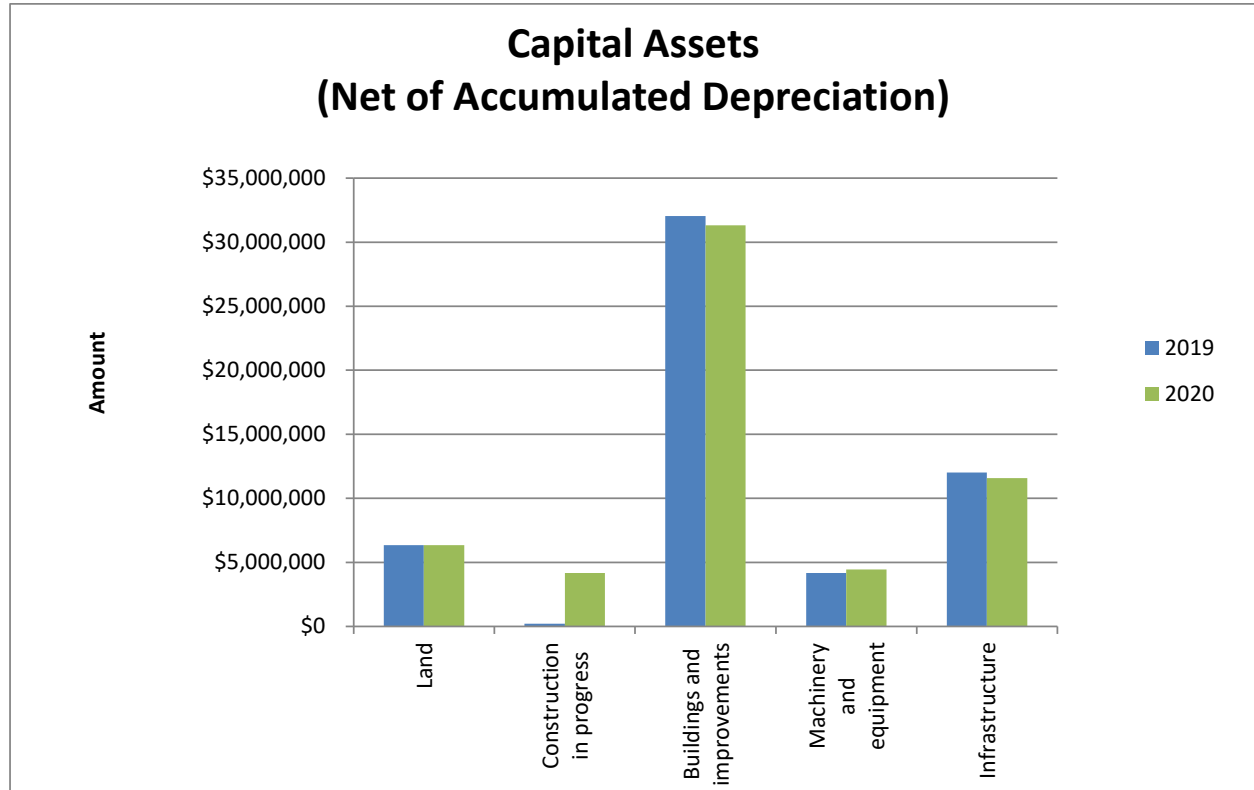
	2020	2019	\$ Variance	% Variance
Land	\$ 6,322,158	\$ 6,322,158	\$ -	0.0%
Construction in progress	4,177,586	208,302	3,969,284	1905.5%
Buildings and improvements	31,306,462	32,040,103	(733,641)	-2.3%
Machinery and equipment	4,452,849	4,171,393	281,456	6.7%
Infrastructure	11,583,835	12,012,363	(428,528)	-3.6%
Totals	<u>\$ 57,842,890</u>	<u>\$ 54,754,319</u>	<u>\$ 3,088,571</u>	5.6%

Major capital additions consisted of High School track improvements, School technology purchases, the purchase of an ambulance and utility tractor and mower, and road improvements.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in Note 4 to the basic financial statements beginning on page 37.

Long-term Debt

At the end of the current fiscal year, the Town had total long-term debt, consisting of bonds and capital lease obligations, outstanding of \$15,326,844. This entire amount is comprised of debt backed by the full faith and credit of the Town.

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.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

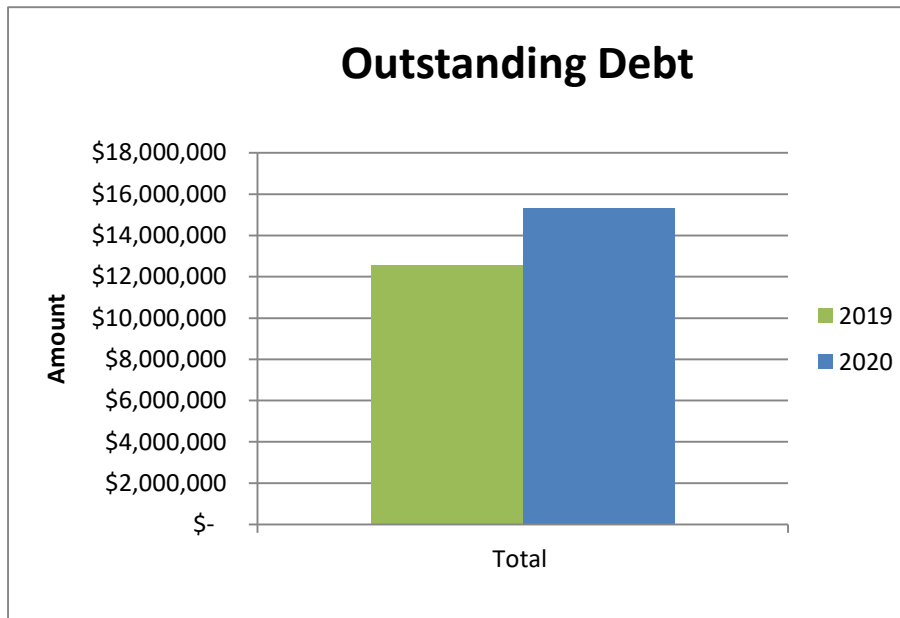
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

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:

	2020	2019	\$ Variance	% Variance
General obligation bonds	\$ 8,695,000	\$ 10,075,000	\$ (1,380,000)	-13.7%
General obligation notes*	6,000,000	2,000,000	4,000,000	200.0%
Capital leases from direct borrowings	631,844	473,402	158,442	33.5%
Total	<u>\$ 15,326,844</u>	<u>\$ 12,548,402</u>	<u>\$ 2,778,442</u>	22.1%

*Consists of general obligation bond anticipation notes that were subsequently retired through the issuance of general obligation bonds in October 2020.



In November 2018, the Town authorized the issuance of general obligation bonds to fund appropriations of \$6,000,000 for various school improvements and \$4,000,000 for road and bridge improvements. During the year ended June 30, 2020, the Town issued short-term bond anticipation notes in the amount of \$6,000,000 to provide temporary financing for the authorized capital projects. The Town permanently financed the costs of the projects through the issuance of \$9,405,000 in general obligation bonds in October 2020.

Additional information on the Town's long-term debt can be found in Note 8 to the basic financial statements beginning on page 39.

TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 2021, 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.
 - The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive. The Town's budget for such grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Building Department, the Town Clerk and the amount of conveyance taxes and interest income.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021.

The fiscal year 2021 budget was adopted by the Town in accordance with the Governor's executive orders in April 2020. The fiscal year 2021 budget authorized expenditure appropriations of \$34,954,488, which represents an overall increase of 3.56% from fiscal year 2020. The budget has been developed on principles designed to keep the Town financially sound; keep the community safe; support public education; improve and promote economic development; maintain existing facilities and infrastructure and improve the quality of life for all Town residents. The budget contemplates the use of unassigned fund balance in the amount of \$1,185,836 and resulted in no increase in the Town's mill rate from the prior year.

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

Financial Statements and Notes

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 16,008,391
Investments	1,321,579
Receivables:	
Property taxes, interest and fees	224,458
Grants and contracts	174,338
Assessments and user charges	55,618
Other	264,591
Net pension assets	16,990
Capital assets:	
Non-depreciable	10,499,744
Depreciable, net	47,343,146
Total assets	<u>75,908,855</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on pensions	408,050
Deferred charges on OPEB	76,518
Deferred charges on refundings	164,934
Total deferred outflows of resources	<u>649,502</u>
LIABILITIES	
Accounts payable	1,279,524
Bond anticipation note payable	6,000,000
Accrued liabilities	200,896
Unearned revenue	190,860
Noncurrent liabilities:	
Due within one year	1,978,041
Due in more than one year	11,799,818
Total liabilities	<u>21,449,139</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on pensions	449,792
Deferred charges on OPEB	733,353
Advanced tax collections	3,138,107
Total deferred inflows of resources	<u>4,321,252</u>
NET POSITION	
Net investment in capital assets	43,808,492
Restricted for:	
Cemetery - Expendable	948,165
Library - Expendable	592,777
Library - Nonexpendable	75,000
Other purposes	409,713
Unrestricted	4,953,819
Total net position	<u>\$ 50,787,966</u>

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,289,221	\$ 581,513	\$ 82,022	\$ -	\$ (1,625,686)
Public safety	2,684,744	536,104	99,777	-	(2,048,863)
Public works	2,921,774	-	361,015	99,338	(2,461,421)
Sanitation	681,177	313,942	12,439	-	(354,796)
Health and social services	364,605	92,509	-	-	(272,096)
Library	797,596	4,758	4,552	-	(788,286)
Culture and recreation	546,393	275,864	10,308	-	(260,221)
Education	25,544,175	349,098	6,726,927	-	(18,468,150)
Education - State Teachers' Retirement	5,254,244	-	5,254,244	-	-
Interest expense	369,754	-	-	-	(369,754)
Total governmental activities	<u>\$ 41,453,683</u>	<u>\$ 2,153,788</u>	<u>\$ 12,551,284</u>	<u>\$ 99,338</u>	<u>(26,649,273)</u>
General revenues:					
Property taxes, levied for general purposes					23,717,011
Grants and contributions not restricted to specific programs					2,534,204
Investment earnings					<u>244,243</u>
Total general revenues					<u>26,495,458</u>
Change in net position					(153,815)
Net position - beginning					<u>50,941,781</u>
Net position - ending					<u>\$ 50,787,966</u>

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

TOWN OF SOMERS, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,488,483	\$ 610,683	\$ 2,806,193	\$ 15,905,359
Investments	-	-	1,321,579	1,321,579
Receivables:				
Property taxes, interest and fees	224,458	-	-	224,458
Assessments and user charges	-	-	55,618	55,618
Grants and contracts	65,402	92,531	16,405	174,338
Other	47,857	-	216,734	264,591
Due from other funds	667,194	1,213,824	182,381	2,063,399
Total assets	<u>\$ 13,493,394</u>	<u>\$ 1,917,038</u>	<u>\$ 4,598,910</u>	<u>\$ 20,009,342</u>
LIABILITIES				
Accounts payable	\$ 933,494	\$ 268,595	\$ 73,934	\$ 1,276,023
Accrued liabilities	52,164	-	-	52,164
Due to other funds	1,404,379	-	667,194	2,071,573
Unearned revenue	12,186	-	178,674	190,860
Total liabilities	<u>2,402,223</u>	<u>268,595</u>	<u>919,802</u>	<u>3,590,620</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	224,458	-	134,204	358,662
Advanced tax collections	3,138,107	-	-	3,138,107
Total deferred inflows of resources	<u>3,362,565</u>	<u>-</u>	<u>134,204</u>	<u>3,496,769</u>
FUND BALANCES				
Nonspendable	-	-	75,000	75,000
Restricted for:				
Capital purposes	-	1,370,301	-	1,370,301
Other purposes	-	-	1,950,655	1,950,655
Committed for:				
Capital purposes	-	278,142	65,412	343,554
Other purposes	7,000	-	1,389,781	1,396,781
Assigned	1,185,836	-	64,056	1,249,892
Unassigned	6,535,770	-	-	6,535,770
Total fund balances	<u>7,728,606</u>	<u>1,648,443</u>	<u>3,544,904</u>	<u>12,921,953</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,493,394</u>	<u>\$ 1,917,038</u>	<u>\$ 4,598,910</u>	<u>\$ 20,009,342</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
AS OF JUNE 30, 2020

Total fund balances for governmental funds	\$ 12,921,953
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.	57,842,890
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.	164,934
Net pension assets are not recognized in the governmental funds. Net pension assets 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.	16,990
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.	358,662
Deferred outflows and inflows of resources resulting from changes in the components of Town's net pension and OPEB assets/liabilities are reported in the statement of net position.	(698,577)
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:	
Bond anticipation note	\$ (6,000,000)
Bonds	(8,695,000)
Premium on bonds payable	(242,789)
Obligations under capital lease	(631,844)
Accrued interest payable	(148,732)
Other long-term liabilities:	
Compensated absences	(1,230,072)
Landfill post-closure care costs	(70,000)
Net pension liability	(901,651)
Net OPEB liability	(2,006,503)
Total long-term liabilities	<u>(19,926,591)</u>
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 position.	<u>107,705</u>
Net position of governmental activities	<u><u>\$ 50,787,966</u></u>

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 23,837,014	\$ -	\$ -	\$ 23,837,014
Intergovernmental	12,381,230	100,838	1,082,431	13,564,499
Charges for services	875,227	-	1,263,304	2,138,531
Investment income	187,258	32,213	24,772	244,243
Other	-	12,240	66,047	78,287
Total revenues	<u>37,280,729</u>	<u>145,291</u>	<u>2,436,554</u>	<u>39,862,574</u>
EXPENDITURES				
Current:				
General government	3,139,845	-	254	3,140,099
Public safety	1,825,112	-	59,932	1,885,044
Public works	1,571,668	-	453,400	2,025,068
Sanitation	564,594	-	79,490	644,084
Health and social services	162,098	-	90,623	252,721
Library	473,944	-	69,372	543,316
Culture and recreation	151,497	-	312,744	464,241
Education	27,923,229	-	1,014,741	28,937,970
Debt service:				
Principal payments	1,380,000	-	270,435	1,650,435
Interest and fiscal charges	268,829	20,982	12,500	302,311
Capital outlays	443,038	4,591,703	570,064	5,604,805
Total expenditures	<u>37,903,854</u>	<u>4,612,685</u>	<u>2,933,555</u>	<u>45,450,094</u>
Excess (deficiency) of revenues over expenditures	(623,125)	(4,467,394)	(497,001)	(5,587,520)
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	6,000,000	-	6,000,000
Capital lease financing	-	-	428,877	428,877
Transfers in	320,000	14,247	542,556	876,803
Transfers out	(377,500)	-	(499,303)	(876,803)
Total other financing sources (uses)	<u>(57,500)</u>	<u>6,014,247</u>	<u>472,130</u>	<u>6,428,877</u>
Net change in fund balances	(680,625)	1,546,853	(24,871)	841,357
Fund balances - beginning	<u>8,409,231</u>	<u>101,590</u>	<u>3,569,775</u>	<u>12,080,596</u>
Fund balances - ending	<u>\$ 7,728,606</u>	<u>\$ 1,648,443</u>	<u>\$ 3,544,904</u>	<u>\$ 12,921,953</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, 2020

Net change in fund balances for governmental funds	\$	841,357
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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 difference between depreciation and amortization and capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 5,435,692		
Depreciation and amortization expense	(2,347,121)		
Net adjustment			3,088,571

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:

Principal repayments:			
Bonds payable	1,380,000		
Obligations under capital lease	(158,442)		
Net adjustment			1,221,558

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.

(137,108)
Continued

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, 2020

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

\$ 595,334

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:

Bond anticipation note	\$ (6,000,000)	
Compensated absences	(77,788)	
Accrued interest	(79,643)	
Amortization of deferred charges on refundings	(56,350)	
Amortization of bond premium	56,310	
Landfill post-closure care costs	14,000	
Net pension assets	(294,509)	
Net pension liability	(136,195)	
Net OPEB liability	<u>813,135</u>	
		<u>(5,761,040)</u>

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.

(2,487)

Change in net position of governmental activities

\$ (153,815)

Concluded

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

TOWN OF SOMERS, CONNECTICUT

STATEMENT OF NET POSITION

PROPRIETARY FUND

AS OF JUNE 30, 2020

	Governmental Activities - Internal Service Fund - Dental Benefits Fund
ASSETS	
Current assets:	
Cash	\$ 103,032
Due from other funds	8,174
Total assets	<u>111,206</u>
LIABILITIES	
Current liabilities:	
Claims payable	<u>3,501</u>
Total liabilities	<u>3,501</u>
NET POSITION	
Unrestricted	<u><u>\$ 107,705</u></u>

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, 2020

	Governmental Activities - Internal Service Fund - Dental Benefits Fund
OPERATING REVENUES	
Charges for services	\$ 160,909
Total operating revenues	<u>160,909</u>
OPERATING EXPENSES	
Claims incurred	148,981
Administration	<u>14,415</u>
Total operating expenses	<u>163,396</u>
Change in net position	(2,487)
Net position - beginning	<u>110,192</u>
Net position - ending	<u><u>\$ 107,705</u></u>

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, 2020

	Governmental Activities - Internal Service Fund - Dental Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from participants	\$ 55,852
Receipts from employer	111,699
Payments for claims and administration	(148,922)
Net cash from operating activities	<u>4,214</u>
Net increase in cash	4,214
Cash, beginning of year	<u>98,818</u>
Cash, end of year	<u><u>\$ 103,032</u></u>
 Reconciliation of change in net position to net cash from operating activities:	
Change in net position	\$ (2,487)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Decrease in due from other funds	6,642
Increase in claims payable	59
Net cash from operating activities	<u><u>\$ 4,214</u></u>

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 402,991	\$ 379,744
Investments:		
Fixed income securities	3,038,944	-
Equity securities	7,908,712	-
Certificate of deposits	61,478	-
Accrued income receivable	16,655	-
Total assets	<u>11,428,780</u>	<u>\$ 379,744</u>
LIABILITIES		
Payables	15,656	138,149
Due to others	-	241,595
Total liabilities	<u>15,656</u>	<u>\$ 379,744</u>
NET POSITION		
Restricted for pensions and other post-employment benefits	<u>\$ 11,413,124</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, 2020

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 394,076
Plan members	191,637
Other	787,237
Total contributions	<u>1,372,950</u>
Investment earnings:	
Interest and dividends	226,641
Net change in the fair value of investments, net of investment fees	<u>189,459</u>
Total investment earnings, net	<u>416,100</u>
Total additions	<u>1,789,050</u>
 DEDUCTIONS	
Benefit payments	438,265
Administrative expenses	<u>2,662</u>
Total deductions	<u>440,927</u>
 Change in net position	1,348,123
 Net position - beginning	<u>10,065,001</u>
 Net position - ending	<u><u>\$ 11,413,124</u></u>

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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, 2020.

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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.

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 and other post-employment benefits plans. The Town utilizes these funds to account for activities of the following defined and other post-employment benefits (OPEB) plans: the Town Employees' Plan, the Board of Education Employees' Plan, the Volunteer Firefighters' Incentive Plan, and the Board of Education's Other Post-Employment Benefits 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools 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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town. Amounts of net appreciation of endowments available for expenditure totaled \$1,540,942 as of June 30, 2020 and is reported as a component of restricted net position and fund balance.

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, no allowance for uncollectible taxes and interest has been recorded as of June 30, 2020.

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.

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 acquisition 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:

Assets	Years
Buildings and improvements	20 - 50
Infrastructure	12 - 60
Machinery and equipment	5 - 20

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

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 Teachers' Retirement System and who receive pension payments, will be paid out an amount equivalent to 2½ 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 position. 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.

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 outflow or inflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refundings and deferred charges on pension and OPEB 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 charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

Deferred inflows of resources consist of revenue that is considered unavailable in the governmental funds balance sheet and advanced tax collections and deferred charges on pension and OPEB expenses in the government-wide statement of net position. Unavailable revenue is recognized as an inflow of resources in the period that the amounts become available. Advanced tax collections are recognized as an inflow of resources in the period that the taxes are levied. Deferred charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position 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 citizens of the Town (the highest level of decision making authority) specified by charter or ordinance 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 to commit fund balance includes formal voting procedures regulated by the Town Charter.

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. 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 General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, a negative unassigned fund balance will be reported in that fund.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Equity *(Continued)*

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.

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - 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, 2020, the carrying amount of the Town's cash deposits was \$13,328,328.

As of June 30, 2020, \$12,372,550 of the Town's bank balance of \$13,440,400 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,135,295
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,237,255</u>
	<u>\$ 12,372,550</u>

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

A reconciliation of the Town's cash and cash equivalents as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 16,008,391
Statement of fiduciary net position:	
Cash and cash equivalents	<u>782,735</u>
	16,791,126
Less: cash equivalents considered investments for disclosure purposes	<u>(3,462,798)</u>
	<u>\$ 13,328,328</u>

Investments

A reconciliation of the Town's investments as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Investments	\$ 1,321,579
Statement of fiduciary net position:	
Investments	<u>11,009,134</u>
	12,330,713
Add: cash equivalents considered investments for disclosure purposes	<u>3,462,798</u>
	<u>\$ 15,793,511</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

As of June 30, 2020, 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
Debt Securities:						
Governmental Activities (excluding Permanent Funds):						
Short-term Investment Fund	Net asset value	\$ 2,948,068	\$ 2,948,068	\$ -	\$ -	\$ -
Permanent Funds:						
Money market mutual funds	Net asset value	204,456	204,456	-	-	-
Fixed income securities	Fair value	231,181	27,895	203,286	-	-
Fiduciary Funds:						
Money market mutual funds	Net asset value	310,274	310,274	-	-	-
Negotiable certificates of deposit	Fair value	61,478	61,478	-	-	-
Fixed income securities	Fair value	3,038,944	553,038	1,960,418	510,750	14,738
		6,794,401	\$ 4,105,209	\$ 2,163,704	\$ 510,750	\$ 14,738
Other investments:						
Permanent Funds:						
Equity securities	Fair value	1,090,398				
Fiduciary Funds:						
Equity securities	Fair value	7,908,712				
		\$ 15,793,511				

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

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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

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

The Town's investments in debt securities, excluding U.S. Treasury securities in the amount of \$529,267, were rated as follows at June 30, 2020:

Investment type	AAA	AA	A	BBB	BB	Unrated	Total
Debt Securities:							
<i>Governmental Activities</i>							
<i>(excluding Permanent Funds):</i>							
Short-term Investment Fund	\$ 2,948,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,948,068
<i>Permanent Funds:</i>							
Money market mutual funds	-	-	-	-	-	204,456	204,456
Corporate and municipal bonds	-	22,025	127,033	82,123	-	-	231,181
<i>Fiduciary Funds:</i>							
Money market mutual funds	-	-	-	-	-	310,274	310,274
U.S. Agency securities	-	-	-	-	-	14,738	14,738
Negotiable certificates of deposit	-	-	-	-	-	61,478	61,478
Corporate and municipal bonds	26,804	208,733	1,210,124	1,045,554	3,724	-	2,494,939
	<u>\$ 2,974,872</u>	<u>\$ 230,758</u>	<u>\$ 1,337,157</u>	<u>\$ 1,127,677</u>	<u>\$ 3,724</u>	<u>\$ 590,946</u>	6,265,134
						U.S. Treasury securities	529,267
							<u>\$ 6,794,401</u>

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2020, more than 10.0% of the Town's governmental activities investments, excluding permanent funds, were invested in the Short-term Investment Fund (100.0%), which is managed by the State of Connecticut Office of the Treasurer. None of the Town's Permanent or Fiduciary investments were in any one issuer that exceeded 10.0% as of June 30, 2020.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - 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 categorizes its fair value measurements as either Level 1 (inputs which are based on quoted prices in active markets for identical assets or liabilities), Level 2 (inputs, other than quoted prices, which are based on observable prices for the asset or liability), and Level 3 (inputs which are based on unobservable prices). Fair value measurements are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2020, by level within the fair value hierarchy consists of investments and are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<i>Permanent Funds:</i>				
Corporate and municipal bonds	\$ -	\$ 231,181	\$ -	\$ 231,181
Equity securities	1,090,398	-	-	1,090,398
<i>Fiduciary Funds:</i>				
U.S. Treasury securities	529,267	-	-	529,267
U.S. Agency securities	-	14,738	-	14,738
Corporate and municipal bonds	-	2,494,939	-	2,494,939
Negotiable certificates of deposit	-	61,478	-	61,478
Equity securities	7,908,712	-	-	7,908,712
	<u>\$ 9,528,377</u>	<u>\$ 2,802,336</u>	<u>\$ -</u>	12,330,713
	Investments measured at net asset value			3,462,798
				<u>\$ 15,793,511</u>

U.S. government and agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. U.S. government and agency securities are categorized in level 1 or level 2 of the fair value hierarchy depending on the inputs and market activity levels for specific securities.

Corporate and municipal bonds are estimated using various techniques, which may consider the recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, and fundamental data relating to the issuer. To the extent the inputs are observable and timely, the values have been categorized in level 2 of the valuation hierarchy.

Equity securities consists of stocks, mutual funds and exchange traded funds that are traded on a national securities exchange and are valued at the last reported sales price on the day of valuation. To the extent these securities are actively trade and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 6,322,158	\$ -	\$ -	\$ 6,322,158
Construction in progress	208,302	3,973,884	(4,600)	4,177,586
Total capital assets, not being depreciated	6,530,460	3,973,884	(4,600)	10,499,744
Capital assets, being depreciated:				
Buildings and improvements	62,213,487	484,364	-	62,697,851
Vehicles, machinery and equipment	10,157,566	982,044	(69,209)	11,070,401
Infrastructure	21,991,097	-	-	21,991,097
Total capital assets, being depreciated	94,362,150	1,466,408	(69,209)	95,759,349
Less accumulated depreciation and amortization for:				
Buildings and improvements	(30,173,384)	(1,218,005)	-	(31,391,389)
Vehicles, machinery and equipment	(5,986,173)	(700,588)	69,209	(6,617,552)
Infrastructure	(9,978,734)	(428,528)	-	(10,407,262)
Total accumulated depreciation and amortization	(46,138,291)	(2,347,121)	69,209	(48,416,203)
Total capital assets, being depreciated, net	48,223,859	(880,713)	-	47,343,146
Governmental activities capital assets, net	<u>\$ 54,754,319</u>	<u>\$ 3,093,171</u>	<u>\$ (4,600)</u>	<u>\$ 57,842,890</u>

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

Governmental Activities:	
General government	\$ 63,246
Public safety	246,509
Public works	606,049
Sanitation	15,137
Health and social services	32,960
Library	117,765
Culture and recreation	5,183
Education	1,260,272
Total depreciation and amortization expense - governmental activities	<u>\$ 2,347,121</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor Governmental Funds	\$ 667,194
Capital Project Fund	General Fund	1,213,824
Nonmajor Governmental Funds	General Fund	182,381
		<u>\$ 2,063,399</u>
Proprietary Funds:		
Internal Service Fund	General Fund	<u>\$ 8,174</u>

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.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 320,000
Capital Improvement Fund	Nonmajor Governmental Funds	14,247
Nonmajor Governmental Funds	General Fund	377,500
	Nonmajor Governmental Funds	165,056
		<u>542,556</u>
Total transfers		<u>\$ 876,803</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 7 - SHORT-TERM DEBT

In October 2019, the Town issued \$6,000,000 in general obligation bond anticipation notes (the "2019 Notes"). The 2019 Notes bore a coupon rate of 2.00% and matured in October 2020 (see *Note 16*). The purpose of the notes were to provide temporary financing for school, bridge, and road improvements until permanent financing is obtained.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - SHORT-TERM DEBT *(Continued)*

The following is a summary of changes in short-term debt for the year ended June 30, 2020:

Governmental Activities	Maturity Date	Coupon	Beginning Balance	Increases	Decreases	Ending Balance
General obligation bond anticipation notes payable	10/15/2020	2.00%	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000
General obligation bond anticipation notes payable	10/17/2019	2.25%	2,000,000	-	(2,000,000)	-
			<u>\$ 2,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ (2,000,000)</u>	<u>\$ 6,000,000</u>

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Direct Placements:					
General obligation bonds	\$ 10,075,000	\$ -	\$ (1,380,000)	\$ 8,695,000	\$ 1,375,000
Unamortized premium	299,099	-	(56,310)	242,789	-
Total bonds payable	<u>\$ 10,374,099</u>	<u>\$ -</u>	<u>\$ (1,436,310)</u>	<u>\$ 8,937,789</u>	<u>\$ 1,375,000</u>
Capital leases from direct borrowings	<u>\$ 473,402</u>	<u>\$ 428,877</u>	<u>\$ (270,435)</u>	<u>\$ 631,844</u>	<u>\$ 149,173</u>

General obligation bonds are generally liquidated in the General Fund. Capital leases are generally liquidated in the Capital Equipment Fund, a nonmajor governmental fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2020 is as follows:

Governmental Activities	Fiscal Year of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Bonds Payable					
General Obligation Refunding Bonds	2005	\$ 5,700,000	3.77%	7/2020	\$ 385,000
General Obligation Refunding Bonds	2013	7,610,000	2.0% - 3.0%	8/2027	4,415,000
General Obligation Bonds	2015	5,320,000	2.0% - 4.0%	11/2034	3,895,000
					<u>\$ 8,695,000</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 1,375,000	\$ 221,666	\$ 1,596,666
2022	975,000	185,588	1,160,588
2023	960,000	160,638	1,120,638
2024	945,000	136,038	1,081,038
2025	910,000	110,400	1,020,400
2026-2030	2,280,000	317,768	2,597,768
2031-2035	1,250,000	98,437	1,348,437
	<u>\$ 8,695,000</u>	<u>\$ 1,230,535</u>	<u>\$ 9,925,535</u>

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 \$570,231, 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 \$56,350 for the year ended June 30, 2020.

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, 2020.

Authorized and unissued debt as of June 30, 2020 totaled \$2,356,000 for bridge and road improvements and \$1,500,000 for school improvements.

Capital Leases from Direct Borrowings

The Town has six capital lease arrangements outstanding as of June 30, 2020. Interest rates on the leases range from 2.25% to 3.39%. Each lease includes a non-appropriation clause and provides the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets under capital lease as of June 30, 2020 is as follows:

	Governmental Activities
Machinery and equipment	\$ 1,553,803
Less: accumulated amortization	438,071
	<u>\$ 1,115,732</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Capital Leases from Direct Borrowings

Amortization expense relative to leased property under capital leases as of June 30, 2020 totaled \$110,908 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4

Annual debt service requirements to maturity on capital leases are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	Capital Leases		
	Principal	Interest	Total
2021	\$ 149,173	\$ 19,037	\$ 168,210
2022	118,502	14,264	132,766
2023	122,430	10,336	132,766
2024	105,945	6,284	112,229
2025	16,382	2,917	19,299
2026-2033	119,412	26,124	145,536
	<u>\$ 631,844</u>	<u>\$ 78,962</u>	<u>\$ 710,806</u>

NOTE 9 - OTHER LONG-TERM LIABILITIES

Changes in other long-term liabilities for the year ended June 30, 2020 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Other long-term liabilities:					
Compensated absences	\$ 1,152,284	\$ 914,339	\$ (836,551)	\$ 1,230,072	\$ 439,868
Landfill post closure care liability	84,000	-	(14,000)	70,000	14,000
Net pension liability <i>(see Note 10)</i>	765,456	136,195	-	901,651	-
Net OPEB liability <i>(see Note 11)</i>	2,819,638	-	(813,135)	2,006,503	-
	<u>\$ 18,032,662</u>	<u>\$ 1,050,534</u>	<u>\$ (1,663,686)</u>	<u>\$ 4,208,226</u>	<u>\$ 453,868</u>

Other long-term liabilities are generally liquidated in the General Fund.

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 6 years are estimated to be \$70,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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 "Pension Plans"). Collectively, the Pension Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the Teachers' Retirement System. The Pension Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Pension Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Summary of Significant Accounting Policies

The Pension 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 Pension 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 plan documents.

Investments - Investments are generally measured at fair value. 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, 2020. As of June 30, 2020, there were no amounts invested in any one issuer that represented more than 10.0% of the total assets for each plan.

Rate of return - For the year ended June 30, 2020, 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 2.81%, 5.11% and 2.48%, 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 Pension 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Plan Membership

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

	Town Plan	Board of Education Plan	Firefighters' Plan
Retired participants and beneficiaries receiving benefits	9	33	18
Terminated members entitled to, but not yet receiving benefits	9	10	27
Active members	37	50	49
	<u>55</u>	<u>93</u>	<u>94</u>

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. Employees hired on or after July 1, 2018 are no longer 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). Effective July 1, 2018, participants are required to contribute 4.0% of their annual earnings.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Benefit Provisions *(Continued)*

Volunteer Firefighters' Plan

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

Other Plan Provisions

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

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

The Volunteer Firefighters Plan does not provide disability benefits.

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 Pension Plans were determined using the Aggregate Actuarial Cost Method.

For the year ended June 30, 2020, employer contributions to the Town Plan represented approximately 5.0% of covered payroll.

For the year ended June 30, 2020, employer contributions to the Board of Education Plan represented approximately 10.4% of covered payroll.

Net Pension Liability (Assets)

The components of the Town's net pension liability (assets) for each plan as of June 30, 2020 were as follows:

	Town Plan	Board of Education Plan	Firefighters' Plan
Total pension liability	\$ 4,708,678	\$ 6,314,547	\$ 351,685
Plan fiduciary net position	4,721,680	5,412,896	355,673
Town's net pension liability (assets)	<u>\$ (13,002)</u>	<u>\$ 901,651</u>	<u>\$ (3,988)</u>
Plan fiduciary net position as a percentage of the total pension liability	100.28%	85.72%	101.13%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liability (Assets) *(Continued)*

The components of the Town's changes in the net pension liability (assets) for each of the plans for the year ended June 30, 2020 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Town Plan			
Balance as of June 30, 2019	\$ 4,206,792	\$ 4,499,861	\$ (293,069)
Changes for the year:			
Service cost	252,025	-	252,025
Interest	285,657	-	285,657
Actuarial (gains) losses	94,402	-	94,402
Contributions	-	231,492	(231,492)
Net investment income	-	120,525	(120,525)
Benefit payments, including refunds	(130,198)	(130,198)	-
Net changes	501,886	221,819	280,067
Balance as of June 30, 2020	<u>\$ 4,708,678</u>	<u>\$ 4,721,680</u>	<u>\$ (13,002)</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Board of Education Plan			
Balance as of June 30, 2019	\$ 5,917,705	\$ 5,152,249	\$ 765,456
Changes for the year:			
Service cost	181,706	-	181,706
Interest	357,357	-	357,357
Actuarial (gains) losses	148,900	-	148,900
Contributions	-	292,300	(292,300)
Net investment income	-	262,130	(262,130)
Benefit payments, including refunds	(291,121)	(291,121)	-
Administrative expenses	-	(2,662)	2,662
Net changes	396,842	260,647	136,195
Balance as of June 30, 2020	<u>\$ 6,314,547</u>	<u>\$ 5,412,896</u>	<u>\$ 901,651</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liability (Asset) *(Continued)*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Firefighters' Plan			
Balance as of June 30, 2019	\$ 339,918	\$ 358,348	\$ (18,430)
Changes for the year:			
Service cost	6,723	-	6,723
Interest	21,990	-	21,990
Actuarial (gains) losses	-	-	-
Contributions	-	5,921	(5,921)
Net investment income	-	8,350	(8,350)
Benefit payments, including refunds	(16,946)	(16,946)	-
Net changes	11,767	(2,675)	14,442
Balance as of June 30, 2020	\$ 351,685	\$ 355,673	\$ (3,988)

Actuarial assumptions - The total pension liabilities were determined by actuarial valuations as of July 1, 2019 for the Town Plan, as of July 1, 2018 for the Volunteer Firefighters' Plan, and as of July 1, 2018 for the Board of Education Plan, using the following actuarial assumptions, applied to all periods included in the measurement:

	Town Plan	Board of Education Plan	Firefighters' Plan
Inflation	3.0%	2.6%	2.6%
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 Pub-2010 Public Retirement Plans Mortality Tables for General employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018 for the Town Plan, the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA for the Board of Education Plan, and the RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with Scale MP-2016 for the Volunteer Firefighters' 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.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liability (Asset) *(Continued)*

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, 2020 are summarized in the following table:

Asset Class	Target Allocation			Long-term Expected Real Rate of Return		
	Town Plan	Board of Education Plan	Firefighters' Plan	Town Plan	Board of Education Plan	Firefighters' Plan
Equity	60%	65%	60%	7.52%	5.75%	6.66%
Fixed income	37%	30%	37%	2.30%	3.11%	1.80%
Cash	3%	5%	3%	1.30%	0.00%	0.70%

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

Sensitivity of the net pension liability (assets) to changes in the discount rate - The following presents the Town's 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 plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rates		
	-1.0%	Current	+1.0%
Town Plan - Net pension liability (asset)	\$ 541,142	\$ (13,002)	\$ (481,267)
Board of Education Plan - Net pension liability	1,554,909	901,651	343,200
Firefighters' Plan - Net pension liability (asset)	47,899	(3,988)	(45,625)

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense of \$119,428 for the Town Plan, \$233,851 for the Board of Education Plan and \$9,202 for the Volunteer Firefighters' Plan.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)*

At June 30, 2020, the Town reported deferred outflows and inflows of resources related to each plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
Town Plan			
Net difference between projected and actual earnings on pension plan investments	\$ 39,617	\$ -	\$ 39,617
Differences between expected and actual experience	14,627	(264,781)	(250,154)
Changes of assumptions	113,526	(19,500)	94,026
	<u>167,770</u>	<u>(284,281)</u>	<u>(116,511)</u>
Board of Education Plan			
Net difference between projected and actual earnings on pension plan investments	53,955	-	53,955
Differences between expected and actual experience	19,413	(158,196)	(138,783)
Changes of assumptions	156,302	-	156,302
	<u>229,670</u>	<u>(158,196)</u>	<u>71,474</u>
Firefighters' Plan			
Net difference between projected and actual earnings on pension plan investments	5,797	-	5,797
Differences between expected and actual experience	174	(4,704)	(4,530)
Changes of assumptions	4,639	(2,611)	2,028
	<u>10,610</u>	<u>(7,315)</u>	<u>3,295</u>
Total	<u>\$ 408,050</u>	<u>\$ (449,792)</u>	<u>\$ (41,742)</u>

Amounts reported as deferred outflows and inflows of resources related each plan will be recognized as a component of pension expense in future years as follows:

	Amortization of Deferred Outflows (Inflows) of Resources			
	<u>Town Plan</u>	<u>Board of Education Plan</u>	<u>Firefighters' Plan</u>	<u>Total</u>
Year ended June 30,				
2021	\$ (33,225)	\$ 32,371	\$ 823	\$ (31)
2022	(19,277)	(2,597)	1,230	(20,644)
2023	(25,050)	6,250	251	(18,549)
2024	5,522	8,120	2,601	16,243
2025	(27,912)	16,430	(244)	(11,726)
Thereafter	(16,569)	10,900	(1,366)	(7,035)
Total	<u>\$ (116,511)</u>	<u>\$ 71,474</u>	<u>\$ 3,295</u>	<u>\$ (41,742)</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Pension Plans Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each plan as of and for the year ended June 30, 2020.

	Town Plan	Board of Education Plan	Firefighters' Plan
Assets			
Cash and cash equivalents	\$ 137,431	\$ 212,290	\$ 17,515
Investments	4,591,653	5,189,633	340,728
Accrued income receivable	5,682	10,973	-
Total assets	<u>4,734,766</u>	<u>5,412,896</u>	<u>358,243</u>
Liabilities			
Accounts payable	13,086	-	2,570
Total liabilities	<u>13,086</u>	<u>-</u>	<u>2,570</u>
Net Position			
Restricted for pension benefits	<u>\$ 4,721,680</u>	<u>\$ 5,412,896</u>	<u>\$ 355,673</u>
Additions			
Contributions:			
Employer	\$ 118,227	\$ 213,928	\$ 5,921
Plan members	113,265	78,372	-
Total contributions	<u>231,492</u>	<u>292,300</u>	<u>5,921</u>
Investment earnings:			
Interest and dividends	114,798	97,190	8,660
Net change in the fair value of investments, net of investment fees	5,727	164,940	(310)
Total investment earnings, net	<u>120,525</u>	<u>262,130</u>	<u>8,350</u>
Total additions	<u>352,017</u>	<u>554,430</u>	<u>14,271</u>
Deductions			
Benefit payments	130,198	291,121	16,946
Administrative expenses	-	2,662	-
Total deductions	<u>130,198</u>	<u>293,783</u>	<u>16,946</u>
Change in net position	221,819	260,647	(2,675)
Net Position Restricted for Pension Benefits			
Beginning	4,499,861	5,152,249	358,348
Ending	<u>\$ 4,721,680</u>	<u>\$ 5,412,896</u>	<u>\$ 355,673</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to the Town totaled 0.276% as of the most recent measurement date.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.276%	<u>\$ 47,164,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$3,570,030 or 0.276% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$5,792,489 or 0.276% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Expected Return	Standard Deviation
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 the 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.

Volunteer Firefighters' 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 \$24,578 for the year ended June 30, 2020.

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.

Board of Education 403(b) Plans

The Board of Education provides retirement benefits through a 403(b) plans for certain employees. Under the provisions of the Plan, all eligible employees (except those covered under a comparable employer plan) may participate. Contribution requirements are established and may be amended by the Board of Education. Amounts contributed by the Board of Education into 403(b) plan totaled \$24,732 for the year ended June 30, 2020.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan

Plan Description

Plan administration - The Town's Board of Education administers a single-employer post-retirement healthcare plan, the Board of Education Other Post-Employment Benefits (OPEB) Plan (the "OPEB Plan"), that provides health benefits for eligible retirees and their spouses. During June 2018, the Board of Education established an OPEB trust to begin accumulating resources for the purpose of funding future OPEB benefits. The OPEB Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial statements as an Other Post-Employment Benefits Trust Fund. The Plan does not issue stand-alone financial reports.

Plan membership - As of July 1, 2018, the date of the most recent actuarial valuation, membership data was as follows:

Active plan members	208
Retirees and beneficiaries receiving benefits	16
	<u>224</u>

Benefits provided - Health benefits for retired teachers are determined by State law. Retired or disabled teachers receiving benefits from the State Teachers' Retirement System (TRS) can receive health insurance coverage from the Teachers' Retirement Board if they are eligible for Medicare Part A hospital insurance. Those who are not eligible for Medicare Part A are allowed to participate by law in the same plan offer by the Board Education to active teachers if they were last employed by the Board of Education. Benefits are established by contract and state law.

Contributions - Contribution requirements are established by state law and the Board of Education. State law requires that the premium charged to retirees may not be greater than that charged for the same form of coverage for active teachers. In addition, state law requires that the TRS provide a subsidy to the Board of Education to offset the cost to retirees. In 2000, the subsidy amount was statutorily frozen at \$110 per person per month.

For the year ended June 30, 2020, the amount contributed towards OPEB benefits totaled \$1,028,443, of which \$843,237 was contributed directly into the OPEB Trust.

Summary of Significant Accounting Policies

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

Investments - Investments are generally measured at fair value. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy - The OPEB Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Board of Education. The Board of Education 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Board of Education Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Rate of return - For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of investment expense, was 3.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

The components of the Town's net OPEB liability for the OPEB Plan at June 30, 2020 were as follows:

Total OPEB liability	\$ 2,929,378
Plan fiduciary net position	922,875
Town's net OPEB liability	<u>\$ 2,006,503</u>
Plan fiduciary net position as a percentage of the total OPEB liability	31.50%

The components of the change in the Town's net OPEB liability for the OPEB Plan for the year ended June 30, 2020 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2019	\$ 2,874,180	\$ 54,543	\$ 2,819,637
Changes for the year:			
Service cost	27,775	-	27,775
Interest	167,629	-	167,629
Actuarial (gains) losses	79,320	-	79,320
Contributions - employer	-	241,206	(241,206)
Contributions - other	-	787,237	(787,237)
Contributions - TRB subsidies	-	34,320	(34,320)
Net investment income	-	25,095	(25,095)
Benefit payments, including refunds	(219,526)	(219,526)	-
Net changes	55,198	868,332	(813,134)
Balance as of June 30, 2020	<u>\$ 2,929,378</u>	<u>\$ 922,875</u>	<u>\$ 2,006,503</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

Actuarial Assumptions - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.00%
Discount rate	6.00%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	8.00% decreasing 0.5% per year
Ultimate	4.60%

It has been assumed that 60% (previously 80%) of active eligible employees at retirement will continue with medical coverage through the Board of Education. In addition, it has been assumed that 20% of non-Medicare eligible retirees age 65 and older will continue with medical coverage through the Board of Education.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables and for non-annuitants and annuitants, projected to the valuation date with Scale MP- 2018 (previously RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2015).

The long-term expected rate of returns on OPEB 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 OPEB 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 the OPEB Plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Rate of Return</u>
Equity	65.0%	5.75%
Fixed income	30.0%	3.11%
Cash	5.0%	0.00%

Discount rate - The discount rate used to measure the total OPEB liability was 6.0%. 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 Board of Education'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 OPEB 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 the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current rate (6.0%):

	Discount Rates		
	-1.0%	Current	+1.0%
Net OPEB liability as of June 30, 2020	\$ 2,332,173	\$ 2,006,503	\$ 1,728,255

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

	Healthcare Cost Trend Rates		
	-1.0%	Current	+1.0%
Net OPEB liability as of June 30, 2020	\$ 1,669,198	\$ 2,006,503	\$ 2,404,340

OPEB Plan Financial Statements

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB Plan as of and for the year ended June 30, 2020.

	Board of Education Plan
Assets	
Cash and cash equivalents	\$ 35,755
Investments	887,120
Total assets	<u>922,875</u>
Net Position	
Restricted for OPEB benefits	<u><u>\$ 922,875</u></u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Board of Education Plan *(Continued)*

OPEB Plan Financial Statements *(Continued)*

	Board of Education Plan
Additions	
Contributions:	
Employer	\$ 56,000
Other	787,237
Total contributions	<u>843,237</u>
Investment earnings:	
Interest and dividends	5,993
Net change in the fair value of investments, net of investment fees	<u>19,102</u>
Total investment earnings, net	<u>25,095</u>
Total additions	<u>868,332</u>
Deductions	
Benefit payments	-
Administrative expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net position	868,332
Net Position	
Beginning	54,543
Ending	<u><u>\$ 922,875</u></u>

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense of \$73,490. As of June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,253	\$ -	\$ 3,253
Differences between expected and actual experience	73,265	(611,715)	(538,450)
Changes of assumptions	<u>-</u>	<u>(121,638)</u>	<u>(121,638)</u>
Total	<u><u>\$ 76,518</u></u>	<u><u>\$ (733,353)</u></u>	<u><u>\$ (656,835)</u></u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources *(Continued)*

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a component of OPEB expense as follows:

Year ended June 30,	
2021	\$ (59,391)
2022	(59,392)
2023	(59,538)
2024	(59,694)
2025	(60,061)
Thereafter	(358,759)
Total	<u>\$ (656,835)</u>

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.276% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.276%	<u>\$ 7,355,000</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$97,572 or 0.276% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$538,245 or 0.276% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - FUND BALANCE

As of June 30, 2020, fund balance of the Town's governmental funds has been categorized for the following purposes:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Library operations	\$ -	\$ -	\$ 75,000	\$ 75,000
Restricted for:				
Capital purposes - School improvements	-	921,378	-	921,378
Capital purposes - Roads and bridges	-	448,923	-	448,923
Park and recreation - Splash pad	-	-	104,500	104,500
Library operations	-	-	592,777	592,777
Cemetery operations	-	-	948,165	948,165
Open space	-	-	208,370	208,370
Education programs	-	-	96,843	96,843
Committed to:				
Sewer operations	-	-	455,972	455,972
Ambulance operations	-	-	436,458	436,458
Capital purposes	-	278,142	65,412	343,554
Education programs	-	-	106,739	106,739
Other purposes	7,000	-	390,612	397,612
Assigned to:				
Ambulance capital	-	-	64,056	64,056
Use in fiscal year 2021 budget	1,185,836	-	-	1,185,836
Unassigned	6,535,770	-	-	6,535,770
	<u>\$ 7,728,606</u>	<u>\$ 1,648,443</u>	<u>\$ 3,544,904</u>	<u>\$ 12,921,953</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT AND UNCERTAINTIES

Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools, and dental benefits for which the Town is self-insured. During the year ended June 30, 2020, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Liability-Automobile-Property Pool

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Self-Insured Dental Benefits

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, 2020. 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.

A summary of claims activity for the years ended June 30, 2020 and 2019 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2020	\$ 3,442	\$ 148,981	\$ 148,922	\$ 3,501
2019	15,044	148,430	160,032	3,442

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT AND UNCERTAINTIES *(Continued)*

Uncertainties - Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provides in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. On March 28, 2020, the President of the United States approved the Governor of Connecticut's request for a disaster declaration for the State. On April 24, 2020, the United States Congress enacted legislation that provided an additional \$484 billion to replenish a small business loan program, support hospitals and expand COVID-19 testing.

The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

NOTE 14 - 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 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

NOTE 16 - SUBSEQUENT EVENTS

In October 2020, the issued \$9,405,000 in general obligation bonds. The bonds bear coupon rates ranging from 2.0% to 4.0% and mature in October 2040. Proceeds from the issuance were used to retire \$6,000,000 in previously outstanding general obligation bond anticipation notes and to provide additional financing for school, bridge, and road improvements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Property taxes	\$ 23,827,069	\$ 23,827,069	\$ 23,837,014	\$ 9,945
Intergovernmental	8,198,847	8,263,889	8,439,995	176,106
Charges for services	644,120	644,120	875,227	231,107
Investment income	200,000	200,000	187,258	(12,742)
Total revenues	<u>32,870,036</u>	<u>32,935,078</u>	<u>33,339,494</u>	<u>404,416</u>
EXPENDITURES				
Current:				
General government	3,005,848	3,114,090	3,110,049	(4,041)
Public safety	1,751,488	1,813,771	1,803,186	(10,585)
Public works	1,681,995	1,574,179	1,571,668	(2,511)
Sanitation	511,753	566,544	564,594	(1,950)
Health and social services	164,736	162,098	162,098	-
Library	490,275	474,968	473,944	(1,024)
Culture and recreation	167,356	152,438	151,497	(941)
Education	23,884,137	23,884,137	23,638,115	(246,022)
Other	20,000	405	-	(405)
Debt service	1,648,829	1,648,829	1,648,829	-
Total expenditures	<u>33,326,417</u>	<u>33,391,459</u>	<u>33,123,980</u>	<u>(267,479)</u>
Excess (deficiency) of revenues over expenditures	(456,381)	(456,381)	215,514	671,895
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	561,381	1,348,618	-	(1,348,618)
Transfers in	320,000	320,000	320,000	-
Transfers out	(425,000)	(1,212,237)	(1,212,237)	-
Total other financing sources (uses)	<u>456,381</u>	<u>456,381</u>	<u>(892,237)</u>	<u>(1,348,618)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (676,723)</u>	<u>\$ (676,723)</u>

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 252,025	\$ 242,331	\$ 229,981	\$ 221,135	\$ 182,897	\$ 169,099	\$ 162,595
Interest	285,657	260,419	250,831	226,607	211,827	190,542	171,627
Actuarial (gains) losses	94,402	-	(233,420)	-	(152,472)	-	-
Benefit payments, including refunds	(130,198)	(118,278)	(106,400)	(62,075)	(44,496)	(47,364)	(52,004)
Net change in total pension liability	501,886	384,472	140,992	385,667	197,756	312,277	282,218
Total pension liability - beginning	4,206,792	3,822,320	3,681,328	3,295,661	3,097,905	2,785,628	2,503,410
Total pension liability - ending	4,708,678	4,206,792	3,822,320	3,681,328	3,295,661	3,097,905	2,785,628
Plan net position							
Contributions - employer	118,227	113,680	95,000	114,281	137,126	131,852	186,330
Contributions - members	113,265	118,737	114,982	101,721	104,933	69,948	79,388
Net investment income	120,525	413,354	212,193	283,987	13,638	187,253	377,680
Benefit payments, including refunds	(130,198)	(118,278)	(106,400)	(62,075)	(44,496)	(47,364)	(52,004)
Administrative expenses	-	(644)	(478)	(1,451)	(3,196)	-	-
Net change in plan net position	221,819	526,849	315,297	436,463	208,005	341,689	591,394
Plan net position - beginning	4,499,861	3,973,012	3,657,715	3,221,252	3,013,247	2,671,558	2,080,164
Plan net position - ending	4,721,680	4,499,861	3,973,012	3,657,715	3,221,252	3,013,247	2,671,558
Town's net pension (asset) liability	<u>\$ (13,002)</u>	<u>\$ (293,069)</u>	<u>\$ (150,692)</u>	<u>\$ 23,613</u>	<u>\$ 74,409</u>	<u>\$ 84,658</u>	<u>\$ 114,070</u>
Plan net pension as percentage of total pension liability	100.3%	107.0%	103.9%	99.4%	97.7%	97.3%	95.9%
Covered payroll	\$ 2,320,939	\$ 2,262,289	\$ 2,175,278	\$ 1,971,124	\$ 1,422,470	\$ 1,367,760	\$ 1,367,760
Town net pension (asset) liability as a percentage of covered payroll	-0.6%	-13.0%	-6.9%	1.2%	5.2%	6.2%	8.3%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 181,706	\$ 178,892	\$ 172,012	\$ 185,360	\$ 142,155	\$ 188,446	\$ 183,963
Interest	357,357	342,577	334,152	307,379	298,952	285,926	284,622
Actuarial (gains) losses	148,900	510	(108,369)	25,742	(81,477)	(41,393)	(165,334)
Benefit payments, including refunds	(291,121)	(266,131)	(262,441)	(228,164)	(218,122)	(205,772)	(179,476)
Net change in total pension liability	396,842	255,848	135,354	290,317	141,508	227,207	123,775
Total pension liability - beginning	5,917,705	5,661,857	5,526,503	5,236,186	5,094,678	4,867,471	4,743,696
Total pension liability - ending	6,314,547	5,917,705	5,661,857	5,526,503	5,236,186	5,094,678	4,867,471
Plan net position							
Contributions - employer	213,928	243,276	243,276	268,290	279,225	246,409	256,031
Contributions - members	78,372	75,815	65,893	57,499	55,390	54,183	56,031
Net investment income	262,130	291,599	210,621	393,333	60,843	43,794	386,335
Benefit payments, including refunds	(291,121)	(266,131)	(262,441)	(228,164)	(218,122)	(205,772)	(179,476)
Administrative expenses	(2,662)	(2,903)	(20,212)	(3,504)	(5,012)	(47,489)	(12,516)
Net change in plan net position	260,647	341,656	237,137	487,454	172,324	91,125	506,405
Plan net position - beginning	5,152,249	4,810,593	4,573,456	4,086,002	3,913,678	3,822,553	3,316,148
Plan net position - ending	5,412,896	5,152,249	4,810,593	4,573,456	4,086,002	3,913,678	3,822,553
Town's net pension liability	<u>\$ 901,651</u>	<u>\$ 765,456</u>	<u>\$ 851,264</u>	<u>\$ 953,047</u>	<u>\$ 1,150,184</u>	<u>\$ 1,181,000</u>	<u>\$ 1,044,918</u>
Plan net pension as percentage of total pension liability	85.7%	87.1%	85.0%	82.8%	78.0%	76.8%	78.5%
Covered payroll	\$ 2,046,966	\$ 1,881,109	\$ 1,687,217	\$ 1,622,324	\$ 1,515,260	\$ 1,642,588	\$ 1,558,932
Town net pension liability as a percentage of covered payroll	44.0%	40.7%	50.5%	58.7%	75.9%	71.9%	67.0%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 6,723	\$ 7,507	\$ 7,507	\$ 6,048	\$ 6,048	\$ 6,048	\$ 6,092
Interest	21,990	21,552	20,955	20,273	18,236	18,928	18,377
Actuarial (gains) losses	-	(3,454)	-	306	-	408	-
Benefit payments, including refunds	(16,946)	(19,189)	(19,370)	(15,885)	(14,050)	(13,996)	(17,836)
Net change in total pension liability	11,767	6,416	9,092	10,742	10,234	11,388	6,633
Total pension liability - beginning	339,918	333,502	324,410	313,668	303,434	292,046	285,413
Total pension liability - ending	351,685	339,918	333,502	324,410	313,668	303,434	292,046
Plan net position							
Contributions - employer	5,921	5,215	5,215	2,380	2,380	11,577	11,577
Contributions - members	-	-	-	-	-	-	-
Net investment income	8,350	33,205	16,544	22,905	4,864	13,442	72,286
Benefit payments, including refunds	(16,946)	(19,189)	(19,370)	(15,885)	(14,050)	(13,996)	(17,836)
Administrative expenses	-	-	(224)	(40)	(117)	-	-
Net change in plan net position	(2,675)	19,231	2,165	9,360	(6,923)	11,023	66,027
Plan net position - beginning	358,348	339,117	336,952	327,592	334,515	323,492	257,465
Plan net position - ending	355,673	358,348	339,117	336,952	327,592	334,515	323,492
Town's net pension asset	<u>\$ (3,988)</u>	<u>\$ (18,430)</u>	<u>\$ (5,615)</u>	<u>\$ (12,542)</u>	<u>\$ (13,924)</u>	<u>\$ (31,081)</u>	<u>\$ (31,446)</u>
Plan net pension as percentage of total pension liability	101.1%	105.4%	101.7%	103.9%	104.4%	110.2%	110.8%
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Town net pension asset as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 118,227	\$ 113,680	\$ 118,852	\$ 114,281	\$ 137,126	\$ 131,852	\$ 186,330
Contributions in relation to actuarially determined contribution	118,227	113,680	95,000	114,281	137,126	131,852	186,330
Excess (deficiency) of contribution	\$ -	\$ -	\$ 23,852	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,320,939	\$ 2,262,289	\$ 2,175,278	\$ 1,971,124	\$ 1,422,470	\$ 1,367,760	\$ 1,367,760
Contributions as a percentage of covered payroll	5.09%	5.02%	4.37%	5.80%	9.64%	9.64%	14.17%
Annual money-weighted rate of return, net of investment expense	2.81%	10.37%	5.80%	8.72%	3.84%	6.73%	16.77%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 213,928	\$ 243,276	\$ 243,276	\$ 268,290	\$ 331,755	\$ 300,592	\$ 312,031
Contributions in relation to actuarially determined contribution	<u>213,928</u>	<u>243,276</u>	<u>243,276</u>	<u>268,290</u>	<u>325,789</u>	<u>300,592</u>	<u>312,270</u>
Excess (deficiency) of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,966)</u>	<u>\$ -</u>	<u>\$ 239</u>
Covered payroll	\$ 2,046,966	\$ 1,881,109	\$ 1,687,217	\$ 1,622,324	\$ 1,515,260	\$ 1,642,588	\$ 1,558,932
Contributions as a percentage of covered payroll	10.45%	12.93%	14.42%	16.54%	21.50%	18.30%	20.03%
Annual money-weighted rate of return, net of investment expense	5.11%	6.09%	4.71%	9.08%	1.52%	1.16%	13.80%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 5,921	\$ 5,215	\$ 5,215	\$ 2,380	\$ 2,380	\$ 11,577	\$ 11,577
Contributions in relation to actuarially determined contribution	5,921	5,215	5,215	2,380	2,380	11,577	11,577
Excess (deficiency) of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	2.48%	10.06%	5.04%	7.13%	1.90%	4.20%	28.48%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	47,164,000	36,366,000	35,533,000	37,488,000	29,518,000	27,284,000
Total	<u>\$ 47,164,000</u>	<u>\$ 36,366,000</u>	<u>\$ 35,533,000</u>	<u>\$ 37,488,000</u>	<u>\$ 29,518,000</u>	<u>\$ 27,284,000</u>
Town's covered payroll	\$ 12,126,000	\$ 11,938,000	\$ 11,263,000	\$ 10,856,000	\$ 10,972,000	\$ 10,576,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST TWO FISCAL YEARS*

	2020	2019
Total OEPB liability		
Service cost	\$ 27,775	\$ 42,290
Interest	167,629	216,390
Actuarial (gains) losses	79,320	(719,208)
Changes in assumptions	-	(143,554)
Benefit payments, including refunds	(219,526)	(169,438)
Net change in total OPEB liability	55,198	(773,520)
Total OPEB liability - beginning	2,874,180	3,647,700
Total OPEB liability - ending	2,929,378	2,874,180
Plan net position		
Contributions - employer	241,206	165,758
Contributions - other	787,237	-
Contributions - TRB subsidy	34,320	31,680
Net investment income	25,095	1,543
Benefit payments, including refunds	(219,526)	(169,438)
Administrative expenses	-	-
Net change in plan net position	868,332	29,543
Plan net position - beginning	54,543	25,000
Plan net position - ending	922,875	54,543
Town's net OPEB liability	<u>\$ 2,006,503</u>	<u>\$ 2,819,637</u>
Plan net OPEB as percentage of total OPEB liability	31.5%	1.9%
Covered employee payroll	\$ 13,498,000	\$ 13,156,000
Town net OPEB liability as a percentage of covered employee payroll	14.9%	21.4%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018 *</u>
Actuarially determined contribution	\$ 239,834	\$ 285,605	\$ 284,590
Contributions in relation to actuarially determined contribution	<u>1,028,443</u>	<u>165,758</u>	<u>143,229</u>
Excess (deficiency) of contribution	<u>\$ (788,609)</u>	<u>\$ (119,847)</u>	<u>\$ (141,361)</u>
Covered payroll	13,498,000	\$ 13,156,000	\$ 13,194,000
Contributions as a percentage of covered employee payroll	7.62%	1.26%	1.09%
Annual money-weighted rate of return, net of investment expense	3.87%	6.17%	0.00%

* OPEB Trust established by the Town in June 2018.

** This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST THREE FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	<u>7,355,000</u>	<u>7,270,000</u>	<u>9,146,000</u>
Total	<u>\$ 7,355,000</u>	<u>\$ 7,270,000</u>	<u>\$ 9,146,000</u>
Town's covered employee payroll	\$ 12,126,000	\$ 11,938,000	\$ 11,263,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF SOMERS, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BUDGETARY INFORMATION AND COMPLIANCE

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 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BUDGETARY INFORMATION AND COMPLIANCE (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, 2020:

	Total Revenues	Total Expenditures	Other Financing Uses	Net Change in Fund Balance
Budgetary basis	\$ 33,339,494	\$ 33,123,980	\$ (892,237)	\$ (676,723)
"On-behalf" payments - State Teachers Retirement Fund	3,667,602	3,667,602	-	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	273,633	273,633	-	-
Perspective differences	-	3,902	-	(3,902)
Reclassification of transfers	-	834,737	834,737	-
GAAP basis	<u>\$ 37,280,729</u>	<u>\$ 37,903,854</u>	<u>\$ (57,500)</u>	<u>\$ (680,625)</u>

NOTE 2 - SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY - TOWN EMPLOYEES PENSION PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2019. The July 1, 2019 valuation was utilized to calculate the total pension liability as of July 1, 2019, which was rolled forward to the most recent measurement date of June 30, 2020.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the total pension liability.

TOWN OF SOMERS, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY - BOARD OF EDUCATION EMPLOYEES PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 valuation was utilized to calculate the total pension liability as of July 1, 2018, which was rolled forward to the most recent measurement date of June 30, 2020.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total pension liability. Employees hired on or after July 1, 2018 are no longer eligible to participate in the plan.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the total pension liability.

NOTE 4 - SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY - VOLUNTEER FIREFIGHTER'S PENSION PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 valuation was utilized to calculate the total pension liability as of July 1, 2018, which was rolled forward to the most recent measurement date of June 30, 2020.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the Town's total pension liability.

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN EMPLOYEES' PENSION PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarially determined contributions rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported.

TOWN OF SOMERS, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN EMPLOYEES' PENSION PLAN
(Continued)

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method	Aggregate Cost
Asset valuation method	Market Value
Inflation	3.0%
Salary increases (average, including inflation)	4.0%
Investment rate of return (net of investment expense)	6.5%
Retirement age	65

Mortality rates were based on the Pub-2010 public retirement plans mortality tables for general employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - BOARD OF EDUCATION EMPLOYEES PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarially determined contributions rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market Value
Inflation	2.6%
Salary increases (average, including inflation)	4.0%
Investment rate of return (net of investment expense)	6.0%
Retirement age	65

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

NOTE 7 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - VOLUNTEER FIREFIGHTER'S PENSION PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarially determined contributions rates are calculated as of July 1, prior to the end of the subsequent two fiscal years in which contributions are reported.

TOWN OF SOMERS, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - VOLUNTEER FIREFIGHTER'S PENSION PLAN
(Continued)

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Actuarial cost method	Aggregate Cost
Asset valuation method	Market Value
Inflation	2.6%
Investment rate of return (net of investment expense)	6.5%
Retirement age	65

Mortality rates were based on the RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with Scale MP-2016.

NOTE 8 - SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF COLLECTIVE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years. Information prior to fiscal year 2015 is not available. Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020, using a measurement date of June 30, 2019.

Benefit changes - There have been no benefit term changes that have had a significant effect on the measurement of the total net pension liability.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the total pension liability.

- In 2020, the inflation assumption was reduced from 2.75% to 2.50%.
- In 2020, the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- In 2020, the annual rate of wage increase assumption was increased from 0.50% to 0.75%.

NOTE 9 - SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when established an OPEB Trust in fiscal year 2018 and subsequently implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2018. The July 1, 2018 was utilized to calculate the total OPEB liability as of July 1, 2018, which was rolled forward to the most recent measurement date of June 30, 2020.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total OPEB liability.

TOWN OF SOMERS, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN
(Continued)

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the total pension liability.

- In 2020, the discount rate was changed from 3.0% to 6.0%.
- In 2020, the utilization rate for current active members that are expected to elect medical coverage at retirement was decreased from 80% to 60%.

NOTE 10 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when established an OPEB Trust in fiscal year 2018 and subsequently implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years. Additional years' information will be displayed as it becomes available. Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020.

Investment rate of return	6.00%
Discount rate	6.00%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	8.00% decreasing 0.5% per year
Ultimate	4.60%

NOTE 11 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years. Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020, using a measurement date of June 30, 2019.

Benefit Changes - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability:

- In 2020, the discount rate used to measure plan obligations for financial accounting purposes was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019.
- In 2020, the expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019.
- In 2020, the expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

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, 2020

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Revenues from property taxes	\$ 23,742,069	\$ 23,742,069	\$ 23,724,999	\$ (17,070)
Interest and lien fees	85,000	85,000	112,015	27,015
Total property taxes	23,827,069	23,827,069	23,837,014	9,945
INTERGOVERNMENTAL				
Education cost sharing	5,597,315	5,597,315	5,788,762	191,447
Pequot Indian grant	1,564,515	1,564,515	1,564,515	-
Payment in lieu of tax, state property	715,904	715,904	715,904	-
Municipal stabilization grant	240,198	240,198	240,198	-
COVID-19 Reimbursement	-	65,042	65,042	-
Police grants	35,000	35,000	30,012	(4,988)
Senior bus grant	21,615	21,615	21,615	-
Telephone tax	12,000	12,000	9,439	(2,561)
Property tax relief grants	7,300	7,300	4,148	(3,152)
Other grants	5,000	5,000	360	(4,640)
Total intergovernmental	8,198,847	8,263,889	8,439,995	176,106
CHARGES FOR SERVICES				
Building permit fees	119,250	119,250	198,563	79,313
Conveyance taxes	75,000	75,000	125,626	50,626
Bulky waste fees	90,000	90,000	96,899	6,899
Cell tower rentals	80,000	80,000	79,868	(132)
Other recycling	40,000	40,000	79,424	39,424
Transfer station permit fees	52,600	52,600	75,993	23,393
Police services	20,000	20,000	69,246	49,246
Town clerk fees	70,000	70,000	67,520	(2,480)
Sanitarian fees	30,000	30,000	23,500	(6,500)
Tuition	22,000	22,000	22,135	135
Other revenue	12,000	12,000	11,981	(19)
Property sales	2,500	2,500	4,390	1,890
Generator rebate	2,500	2,500	4,260	1,760
Mini bus donations	7,500	7,500	3,822	(3,678)
Pistol permit fees	4,000	4,000	3,360	(640)
Property rentals	6,000	6,000	2,965	(3,035)
Zoning Board of Appeals fees	-	-	1,575	1,575
Zoning permit fees	2,500	2,500	1,525	(975)
Fire Marshall fees	3,500	3,500	900	(2,600)
Conservation Commission fees	1,500	1,500	900	(600)
Other licenses and permit fees	270	270	600	330
Fire watch service fees	500	500	150	(350)
Planning commission fees	-	-	25	25
Zoning Commission fees	2,500	2,500	-	(2,500)
Total charges for services	644,120	644,120	875,227	231,107
INVESTMENT EARNINGS	200,000	200,000	187,258	(12,742)
Total revenues	32,870,036	32,935,078	33,339,494	404,416
OTHER FINANCING SOURCES				
Operating transfers in:				
Ambulance Fund	300,000	300,000	300,000	-
Recreation Fund	20,000	20,000	20,000	-
Appropriation from fund balance	561,381	1,348,618	-	(1,348,618)
Total other financing sources	881,381	1,668,618	320,000	(1,348,618)
Total revenues and other financing sources	\$ 33,751,417	\$ 34,603,696	\$ 33,659,494	\$ (944,202)

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT				
Employee Benefits	\$ 1,311,109	\$ 1,463,625	\$ 1,463,625	\$ -
Selectmen	538,777	514,085	514,085	-
Finance	250,835	243,927	243,927	-
Town Clerk	134,138	176,024	176,024	-
Land Use	183,688	176,070	175,424	(646)
Assessor	158,318	144,751	144,334	(417)
Tax Collector	119,559	124,022	124,022	-
Information Technology	124,995	108,016	106,916	(1,100)
Building Department	62,824	62,873	62,873	-
Election	44,500	39,181	39,181	-
Board of Finance	47,100	32,937	31,806	(1,131)
Conservation	17,700	17,700	17,253	(447)
Probate Court	7,000	7,000	7,000	-
Zoning	1,950	2,032	1,952	(80)
Zoning Board of Appeals	1,500	1,500	1,448	(52)
Board of Assessment Appeals	105	179	179	-
Planning	1,750	168	-	(168)
Total general government	3,005,848	3,114,090	3,110,049	(4,041)
PUBLIC SAFETY				
Police Protection	940,296	1,092,811	1,085,250	(7,561)
Fire Protection	801,192	710,960	710,872	(88)
Civil Preparedness	10,000	10,000	7,064	(2,936)
Total public safety	1,751,488	1,813,771	1,803,186	(10,585)
PUBLIC WORKS				
Public Works	759,394	727,110	726,384	(726)
Town Facilities	534,231	563,429	565,209	1,780
Highway Department	337,705	224,475	220,881	(3,594)
Park and Recreation Maintenance	50,665	59,165	59,194	29
Total public works	1,681,995	1,574,179	1,571,668	(2,511)
SANITATION				
Transfer Station	405,800	464,818	464,818	-
Water Pollution Control Authority	105,953	101,726	99,776	(1,950)
Total sanitation	511,753	566,544	564,594	(1,950)
HEALTH AND SOCIAL SERVICES				
Human Services	156,736	154,098	154,098	-
Eldery Services	8,000	8,000	8,000	-
Total health and social services	164,736	162,098	162,098	-
LIBRARY				
	490,275	474,968	473,944	(1,024)
CULTURE AND RECREATION				
Recreation Commission	113,936	111,896	111,896	-
Senior and Disabled Transportation	36,160	30,938	30,025	(913)
Senior Services	16,100	8,444	8,444	-
Community Services	1,160	1,160	1,132	(28)
Total culture and recreation	167,356	152,438	151,497	(941)
OTHER				
	20,000	405	-	(405)

Continued

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, 2020

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
EDUCATION				
Instructional salaries	\$ 10,749,419	\$ 10,536,419	\$ 10,520,797	\$ (15,622)
Insurance/social security	3,833,125	3,645,125	3,641,742	(3,383)
Clerical/aides salaries	1,666,916	1,671,916	1,671,367	(549)
Administrative salaries	1,472,616	1,472,616	1,493,175	20,559
Tuition - special education	1,118,400	935,400	880,014	(55,386)
Maintenance salaries	863,382	863,382	835,971	(27,411)
General maintenance	375,215	692,215	698,780	6,565
Regular transportation	740,000	643,000	628,567	(14,433)
Other instructional salaries	543,856	463,856	466,031	2,175
Electricity	470,800	416,800	394,818	(21,982)
Capital outlay and equipment	239,100	326,100	332,868	6,768
Special education transportation	346,300	313,300	304,121	(9,179)
Nurses' salaries	232,199	232,199	231,571	(628)
COVID-19 expenditures	-	200,000	209,139	9,139
Textbooks	30,000	188,000	203,258	15,258
Fuel	150,800	150,800	148,236	(2,564)
Departmental supplies	139,500	139,500	122,384	(17,116)
Board of education	72,650	121,650	121,130	(520)
Coaches	171,215	171,215	120,805	(50,410)
Tuition - non special education	106,000	106,000	100,596	(5,404)
Athletic equipment and supplies	72,650	102,650	91,165	(11,485)
Custodial supplies	25,000	46,000	50,959	4,959
Equipment rental	55,640	55,640	47,804	(7,836)
Audio visual materials	47,200	47,200	43,535	(3,665)
Activity advisors	50,479	50,479	38,577	(11,902)
Systemwide general supplies	38,000	38,000	35,472	(2,528)
Telephone	41,700	41,700	33,716	(7,984)
Athletic/field trip transportation	37,280	10,280	29,826	19,546
Instructional dues	29,100	29,100	29,130	30
Travel and conferences in-service	44,350	44,350	28,963	(15,387)
Health supplies	6,500	14,500	14,890	390
Adult education	13,800	13,800	13,467	(333)
Library books and supplies	14,050	14,050	11,254	(2,796)
Workbooks and texts	31,000	31,000	9,664	(21,336)
Office supplies	11,850	11,850	9,628	(2,222)
Postage	6,945	6,945	6,198	(747)
Forms and printing	10,000	10,000	5,337	(4,663)
Propane gas	6,000	6,000	4,854	(1,146)
Equipment replacement	4,600	4,600	3,600	(1,000)
Other	15,000	15,000	3,206	(11,794)
Medical Advisor salary	1,500	1,500	1,500	-
Total education	23,884,137	23,884,137	23,638,115	(246,022)
DEBT SERVICE	1,648,829	1,648,829	1,648,829	-
TOTAL EXPENDITURES	33,326,417	33,391,459	33,123,980	(267,480)
OTHER FINANCING USES				
Operating transfers out:				
Capital Project Fund	250,000	250,000	250,000	-
Road Maintenance Fund	125,000	125,000	125,000	-
Revaluation Fund	50,000	50,000	50,000	-
Other Post-employment Benefits Plan	-	787,237	787,237	-
Total other financing uses	425,000	1,212,237	1,212,237	-
Total expenditures and other financing uses	\$ 33,751,417	\$ 34,603,696	\$ 34,336,217	\$ (267,480)

Concluded

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2020

Grand List Year	Balance Uncollected July 1, 2019	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2020
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2018	\$ -	\$ 23,790,855	\$ 100,759	\$ 165,086	\$ 5,509	\$ 23,721,019	\$ 23,589,996	\$ 52,716	\$ 23,642,712	\$ 131,023
2017	222,552	-	16,206	23,947	6,681	208,130	172,151	27,722	199,873	35,979
2016	49,572	-	7,105	21,717	2,790	32,170	18,422	10,424	28,846	13,748
2015	21,827	-	5,132	513	9,819	16,627	16,627	6,690	23,317	-
	<u>\$ 293,951</u>	<u>\$ 23,790,855</u>	<u>\$ 129,202</u>	<u>\$ 211,263</u>	<u>\$ 24,799</u>	<u>\$ 23,977,946</u>	<u>\$ 23,797,196</u>	<u>\$ 97,552</u>	<u>\$ 23,894,748</u>	<u>\$ 180,750</u>

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2020

Total cash collections for the year ended
June 30, 2020:

Taxes	\$ 23,797,196
Interest and lien fees	97,552
	<u>23,894,748</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	240,198
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Base

\$ 24,134,946

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 54,303,629	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	108,607,257	-	-	-
3-3/4 times base	-	-	90,506,048	-	-
3-1/4 times base	-	-	-	78,438,575	-
3 times base	-	-	-	-	72,404,838
	<u>54,303,629</u>	<u>108,607,257</u>	<u>90,506,048</u>	<u>78,438,575</u>	<u>72,404,838</u>
Total debt limitation					
	<u>54,303,629</u>	<u>108,607,257</u>	<u>90,506,048</u>	<u>78,438,575</u>	<u>72,404,838</u>
Indebtedness:					
Bonds	4,765,000	3,930,000	-	-	-
Bond anticipation notes	1,500,000	4,500,000	-	-	-
Total indebtedness	<u>6,265,000</u>	<u>8,430,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 48,038,629</u>	<u>\$ 100,177,257</u>	<u>\$ 90,506,048</u>	<u>\$ 78,438,575</u>	<u>\$ 72,404,838</u>
Total capacity of borrowing (7 times base)	\$ 168,944,622				
Total present indebtedness	<u>14,695,000</u>				
Margin for additional borrowing	<u>\$ 154,249,622</u>				

Combining Statements

PERMANENT FUND

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

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

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
AS OF JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds		Total Nonmajor Governmental Funds
			Library Trust Fund	Cemetery Trust Fund	
ASSETS					
Cash and cash equivalents	\$ 2,151,485	\$ 356,106	\$ 175,733	\$ 122,869	\$ 2,806,193
Investments	-	-	492,044	829,535	1,321,579
Receivables:					
Assessments and user charges	55,618	-	-	-	55,618
Grants and contracts	16,405	-	-	-	16,405
Other	216,734	-	-	-	216,734
Due from other funds	182,381	-	-	-	182,381
Total assets	<u>\$ 2,622,623</u>	<u>\$ 356,106</u>	<u>\$ 667,777</u>	<u>\$ 952,404</u>	<u>\$ 4,598,910</u>
LIABILITIES					
Accounts payable	\$ 69,189	\$ 1,608	\$ -	\$ 3,137	\$ 73,934
Due to other funds	585,376	80,716	-	1,102	667,194
Unearned revenue	178,674	-	-	-	178,674
Total liabilities	<u>833,239</u>	<u>82,324</u>	<u>-</u>	<u>4,239</u>	<u>919,802</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	<u>134,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,204</u>
FUND BALANCES					
Nonspendable	-	-	75,000	-	75,000
Restricted	201,343	208,370	592,777	948,165	1,950,655
Committed for:					
Capital purposes	-	65,412	-	-	65,412
Other purposes	1,389,781	-	-	-	1,389,781
Assigned	64,056	-	-	-	64,056
Total fund balances	<u>1,655,180</u>	<u>273,782</u>	<u>667,777</u>	<u>948,165</u>	<u>3,544,904</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,622,623</u>	<u>\$ 356,106</u>	<u>\$ 667,777</u>	<u>\$ 952,404</u>	<u>\$ 4,598,910</u>

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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds		Total Nonmajor Governmental Funds
			Fund - Library Trust Fund	Fund - Cemetery Trust Fund	
REVENUES					
Intergovernmental	\$ 1,082,431	\$ -	\$ -	\$ -	\$ 1,082,431
Charges for services	1,159,849	26,210	-	77,245	1,263,304
Investment income	20,724	4,638	183	(773)	24,772
Other	48,780	17,267	-	-	66,047
Total revenues	<u>2,311,784</u>	<u>48,115</u>	<u>183</u>	<u>76,472</u>	<u>2,436,554</u>
EXPENDITURES					
Current:					
General government	254	-	-	-	254
Public safety	59,932	-	-	-	59,932
Public works	453,400	-	-	-	453,400
Sanitation	79,490	-	-	-	79,490
Health and social services	13,987	-	-	76,636	90,623
Library	69,372	-	-	-	69,372
Culture and recreation	312,744	-	-	-	312,744
Education	1,014,741	-	-	-	1,014,741
Debt service:					
Principal payments	-	270,435	-	-	270,435
Interest and fiscal charges	-	12,500	-	-	12,500
Capital outlays	-	570,064	-	-	570,064
Total expenditures	<u>2,003,920</u>	<u>852,999</u>	<u>-</u>	<u>76,636</u>	<u>2,933,555</u>
Excess (deficiency) of revenues over expenditures	307,864	(804,884)	183	(164)	(497,001)
OTHER FINANCING SOURCES (USES)					
Capital lease financing	-	428,877	-	-	428,877
Transfers in	192,500	350,056	-	-	542,556
Transfers out	(434,303)	-	(65,000)	-	(499,303)
Total other financing sources (uses)	<u>(241,803)</u>	<u>778,933</u>	<u>(65,000)</u>	<u>-</u>	<u>472,130</u>
Net change in fund balances	66,061	(25,951)	(64,817)	(164)	(24,871)
Fund balances - beginning	<u>1,589,119</u>	<u>299,733</u>	<u>732,594</u>	<u>948,329</u>	<u>3,569,775</u>
Fund balances - ending	<u>\$ 1,655,180</u>	<u>\$ 273,782</u>	<u>\$ 667,777</u>	<u>\$ 948,165</u>	<u>\$ 3,544,904</u>

SPECIAL REVENUE FUNDS

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

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.

Preschool Program Fund - To account for tuition revenues that have been committed by the Town to fund the operations of the preschool program.

Medicaid Program Fund - To account for Medicaid reimbursements that have been committed by the Town to fund the education expenditures.

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

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.

Somers Comes Together Fund - To account for revenues that are restricted or committed for preventing substance abuse in 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
AS OF JUNE 30, 2020

	Educational Grants Fund	School Lunch Fund	Preschool Program Fund	Medicaid Program Fund	Road Maintenance Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Come Together Fund	Economic Development Fund
ASSETS										
Cash and cash equivalents	\$ 142,528	\$ 65,434	\$ -	\$ -	\$ 98,091	\$ 22,336	\$ -	\$ 7,954	\$ -	\$ 16,951
Receivables:										
Assessments and user charges	-	-	-	-	-	-	-	-	-	-
Grants and contracts	16,405	-	-	-	-	-	-	-	-	-
Other	-	-	41,305	96,843	-	-	-	-	-	-
Due from other funds	-	-	-	-	87,551	-	8,813	-	8,515	-
Total assets	<u>\$ 158,933</u>	<u>\$ 65,434</u>	<u>\$ 41,305</u>	<u>\$ 96,843</u>	<u>\$ 185,642</u>	<u>\$ 22,336</u>	<u>\$ 8,813</u>	<u>\$ 7,954</u>	<u>\$ 8,515</u>	<u>\$ 16,951</u>
LIABILITIES										
Accounts payable	\$ 30,423	\$ -	\$ -	\$ -	\$ 12,659	\$ -	\$ 5,656	\$ 2,185	-	\$ -
Due to other funds	-	-	-	-	-	1,598	-	1,165	-	3,053
Unearned revenue	128,510	-	-	-	-	-	-	-	-	-
Total liabilities	<u>158,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,659</u>	<u>1,598</u>	<u>5,656</u>	<u>3,350</u>	<u>-</u>	<u>3,053</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES										
Restricted	-	-	-	96,843	-	-	-	-	-	-
Committed	-	65,434	41,305	-	172,983	20,738	3,157	4,604	8,515	13,898
Assigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>65,434</u>	<u>41,305</u>	<u>96,843</u>	<u>172,983</u>	<u>20,738</u>	<u>3,157</u>	<u>4,604</u>	<u>8,515</u>	<u>13,898</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 158,933</u>	<u>\$ 65,434</u>	<u>\$ 41,305</u>	<u>\$ 96,843</u>	<u>\$ 185,642</u>	<u>\$ 22,336</u>	<u>\$ 8,813</u>	<u>\$ 7,954</u>	<u>\$ 8,515</u>	<u>\$ 16,951</u>

Continued

TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Concluded)
AS OF JUNE 30, 2020

	Water Fund	Ambulance Fund	Cultural Commission Fund	Recreation Commission Fund	Library Fund	Historic & Land Preservation Fund	Sewer Fund	Flag Fund	Total Nonmajor Special Revenue Funds
ASSETS									
Cash and cash equivalents	\$ 17,333	\$ 725,097	\$ 26,544	\$ 464,114	\$ 6,198	\$ 19,346	\$ 539,559	\$ -	\$ 2,151,485
Receivables:									
Assessments and user charges	28,600	-	-	-	-	-	27,018	-	55,618
Grants and contracts	-	-	-	-	-	-	-	-	16,405
Other	-	78,586	-	-	-	-	-	-	216,734
Due from other funds	25,482	-	-	-	-	33,573	18,392	55	182,381
Total assets	<u>\$ 71,415</u>	<u>\$ 803,683</u>	<u>\$ 26,544</u>	<u>\$ 464,114</u>	<u>\$ 6,198</u>	<u>\$ 52,919</u>	<u>\$ 584,969</u>	<u>\$ 55</u>	<u>\$ 2,622,623</u>
LIABILITIES									
Accounts payable	\$ -	\$ 4,809	\$ -	\$ 7,743	\$ -	\$ 4,788	\$ 926	\$ -	\$ 69,189
Due to other funds	-	219,774	-	224,437	-	34,710	100,639	-	585,376
Unearned revenue	-	-	-	49,750	-	-	414	-	178,674
Total liabilities	<u>-</u>	<u>224,583</u>	<u>-</u>	<u>281,930</u>	<u>-</u>	<u>39,498</u>	<u>101,979</u>	<u>-</u>	<u>833,239</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	<u>28,600</u>	<u>78,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,018</u>	<u>-</u>	<u>134,204</u>
FUND BALANCES									
Restricted	-	-	-	104,500	-	-	-	-	201,343
Committed	42,815	436,458	26,544	77,684	6,198	13,421	455,972	55	1,389,781
Assigned	-	64,056	-	-	-	-	-	-	64,056
Total fund balances	<u>42,815</u>	<u>500,514</u>	<u>26,544</u>	<u>182,184</u>	<u>6,198</u>	<u>13,421</u>	<u>455,972</u>	<u>55</u>	<u>1,655,180</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,415</u>	<u>\$ 803,683</u>	<u>\$ 26,544</u>	<u>\$ 464,114</u>	<u>\$ 6,198</u>	<u>\$ 52,919</u>	<u>\$ 584,969</u>	<u>\$ 55</u>	<u>\$ 2,622,623</u>
									<i>Concluded</i>

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Educational Grants Fund	School Lunch Fund	Preschool Program Fund	Medicaid Program Fund	Road Maintenance Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Come Together Fund	Economic Development Fund
REVENUES										
Intergovernmental	\$ 609,797	\$ -	\$ -	\$ 33,439	\$ 349,073	\$ -	\$ -	\$ -	\$ 8,020	\$ -
Charges for services	-	276,122	60,995	-	-	-	1,679	7,632	-	350
Interest income	-	-	-	-	1,606	84	-	-	-	8
Other	-	-	-	-	10,442	7,854	-	3,175	600	-
Total revenues	<u>609,797</u>	<u>276,122</u>	<u>60,995</u>	<u>33,439</u>	<u>361,121</u>	<u>7,938</u>	<u>1,679</u>	<u>10,807</u>	<u>8,620</u>	<u>358</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	254
Public safety	-	-	-	-	-	5,492	2,460	-	-	-
Public works	-	-	-	-	453,400	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	13,987	-	-
Library	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	105	-
Education	609,797	291,424	108,431	5,089	-	-	-	-	-	-
Total expenditures	<u>609,797</u>	<u>291,424</u>	<u>108,431</u>	<u>5,089</u>	<u>453,400</u>	<u>5,492</u>	<u>2,460</u>	<u>13,987</u>	<u>105</u>	<u>254</u>
Excess (deficiency) of revenues over expenditures	-	(15,302)	(47,436)	28,350	(92,279)	2,446	(781)	(3,180)	8,515	104
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	125,000	-	-	-	-	-
Transfers out	-	-	-	-	(14,247)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(15,302)	(47,436)	28,350	18,474	2,446	(781)	(3,180)	8,515	104
Fund balances - beginning	-	80,736	88,741	68,493	154,509	18,292	3,938	7,784	-	13,794
Fund balances - ending	<u>\$ -</u>	<u>\$ 65,434</u>	<u>\$ 41,305</u>	<u>\$ 96,843</u>	<u>\$ 172,983</u>	<u>\$ 20,738</u>	<u>\$ 3,157</u>	<u>\$ 4,604</u>	<u>\$ 8,515</u>	<u>\$ 13,898</u>

Continued

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2020

	Water Fund	Ambulance Fund	Cultural Commission Fund	Recreation Commission Fund	Library Fund	Historic & Land Preservation Fund	Sewer Fund	Flag Fund	Total Nonmajor Special Revenue Funds
REVENUES									
Intergovernmental	\$ -	\$ 72,050	\$ -	\$ -	\$ 4,552	\$ 5,500	\$ -	\$ -	\$ 1,082,431
Charges for services	2,600	446,095	10,562	231,998	4,443	3,447	113,926	-	1,159,849
Interest income	308	3,485	11	3,369	-	316	11,537	-	20,724
Other	-	-	-	10,308	315	3,647	12,439	-	48,780
Total revenues	<u>2,908</u>	<u>521,630</u>	<u>10,573</u>	<u>245,675</u>	<u>9,310</u>	<u>12,910</u>	<u>137,902</u>	<u>-</u>	<u>2,311,784</u>
EXPENDITURES									
Current:									
Government	-	-	-	-	-	-	-	-	254
Public safety	-	51,980	-	-	-	-	-	-	59,932
Public works	-	-	-	-	-	-	-	-	453,400
Sanitation	-	-	-	-	-	-	79,490	-	79,490
Health and social services	-	-	-	-	-	-	-	-	13,987
Library	-	-	-	-	69,372	-	-	-	69,372
Culture and recreation	-	-	11,121	235,509	-	66,009	-	-	312,744
Education	-	-	-	-	-	-	-	-	1,014,741
Total expenditures	<u>-</u>	<u>51,980</u>	<u>11,121</u>	<u>235,509</u>	<u>69,372</u>	<u>66,009</u>	<u>79,490</u>	<u>-</u>	<u>2,003,920</u>
Excess (deficiency) of revenues over expenditures	2,908	469,650	(548)	10,166	(60,062)	(53,099)	58,412	-	307,864
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	2,500	-	65,000	-	-	-	192,500
Transfers out	-	(400,056)	-	(20,000)	-	-	-	-	(434,303)
Total other financing sources (uses)	<u>-</u>	<u>(400,056)</u>	<u>2,500</u>	<u>(20,000)</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,803)</u>
Net change in fund balances	2,908	69,594	1,952	(9,834)	4,938	(53,099)	58,412	-	66,061
Fund balances - beginning	<u>39,907</u>	<u>430,920</u>	<u>24,592</u>	<u>192,018</u>	<u>1,260</u>	<u>66,520</u>	<u>397,560</u>	<u>55</u>	<u>1,589,119</u>
Fund balances - ending	<u>\$ 42,815</u>	<u>\$ 500,514</u>	<u>\$ 26,544</u>	<u>\$ 182,184</u>	<u>\$ 6,198</u>	<u>\$ 13,421</u>	<u>\$ 455,972</u>	<u>\$ 55</u>	<u>\$ 1,655,180</u>
									<i>Concluded</i>

CAPITAL PROJECTS FUNDS

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

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
AS OF JUNE 30, 2020

	Capital Equipment Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 147,736	\$ 208,370	\$ 356,106
Total assets	<u>\$ 147,736</u>	<u>\$ 208,370</u>	<u>\$ 356,106</u>
LIABILITIES			
Accounts payable	\$ 1,608	\$ -	\$ 1,608
Due to other funds	80,716	-	80,716
Total liabilities	<u>82,324</u>	<u>-</u>	<u>82,324</u>
FUND BALANCES			
Restricted	-	208,370	208,370
Committed	65,412	-	65,412
Total fund balances	<u>65,412</u>	<u>208,370</u>	<u>273,782</u>
Total liabilities and fund balances	<u>\$ 147,736</u>	<u>\$ 208,370</u>	<u>\$ 356,106</u>

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Equipment Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
REVENUES			
Charges for services	\$ -	\$ 26,210	\$ 26,210
Interest income	2,037	2,601	4,638
Other	17,267	-	17,267
Total revenues	<u>19,304</u>	<u>28,811</u>	<u>48,115</u>
EXPENDITURES			
Debt service:			
Principal payments	270,435	-	270,435
Interest and fiscal charges	12,500	-	12,500
Capital outlays	570,064	-	570,064
Total expenditures	<u>852,999</u>	<u>-</u>	<u>852,999</u>
Excess (deficiency) of revenues over expenditures	(833,695)	28,811	(804,884)
OTHER FINANCING SOURCES			
Transfers in	350,056	-	350,056
Capital lease financing	428,877	-	428,877
Total other financing sources	<u>778,933</u>	<u>-</u>	<u>778,933</u>
Net change in fund balances	(54,762)	28,811	(25,951)
Fund balances - beginning	<u>120,174</u>	<u>179,559</u>	<u>299,733</u>
Fund balances - ending	<u><u>\$ 65,412</u></u>	<u><u>\$ 208,370</u></u>	<u><u>\$ 273,782</u></u>

Fiduciary Funds

PENSION TRUST FUNDS AND AGENCY FUNDS

PENSION TRUST FUNDS

Pension trust funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. Pension trust funds include the Town Employees' Plan, the Board of Education Employees' Plan, the Volunteer Firefighters' Incentive Plan, and the Board of Education's Other Post-Employment Benefits 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
AS OF JUNE 30, 2020

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Other Post-Employment Benefits Plan	Total
ASSETS					
Cash and cash equivalents	\$ 137,431	\$ 212,290	\$ 17,515	\$ 35,755	\$ 402,991
Investments	4,591,653	5,189,633	340,728	887,120	11,009,134
Accrued income receivable	5,682	10,973	-	-	16,655
Total assets	<u>4,734,766</u>	<u>5,412,896</u>	<u>358,243</u>	<u>922,875</u>	<u>11,428,780</u>
LIABILITIES					
Payables	13,086	-	2,570	-	15,656
Total liabilities	<u>13,086</u>	<u>-</u>	<u>2,570</u>	<u>-</u>	<u>15,656</u>
NET POSITION					
Restricted for pensions and other post-employment benefits	<u>\$ 4,721,680</u>	<u>\$ 5,412,896</u>	<u>\$ 355,673</u>	<u>\$ 922,875</u>	<u>\$ 11,413,124</u>

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Other Post-Employment Benefits Plan	Total
ADDITIONS					
Contributions:					
Employer	\$ 118,227	\$ 213,928	\$ 5,921	\$ 56,000	\$ 394,076
Plan members	113,265	78,372	-	-	191,637
Other	-	-	-	787,237	787,237
Total contributions	<u>231,492</u>	<u>292,300</u>	<u>5,921</u>	<u>843,237</u>	<u>1,372,950</u>
Investment earnings:					
Interest and dividends	114,798	97,190	8,660	5,993	226,641
Net change in the fair value of investments, net of investment fees	<u>5,727</u>	<u>164,940</u>	<u>(310)</u>	<u>19,102</u>	<u>189,459</u>
Total investment earnings, net	<u>120,525</u>	<u>262,130</u>	<u>8,350</u>	<u>25,095</u>	<u>416,100</u>
Total additions	<u>352,017</u>	<u>554,430</u>	<u>14,271</u>	<u>868,332</u>	<u>1,789,050</u>
DEDUCTIONS					
Benefit payments	130,198	291,121	16,946	-	438,265
Administrative expenses	-	2,662	-	-	2,662
Total deductions	<u>130,198</u>	<u>293,783</u>	<u>16,946</u>	<u>-</u>	<u>440,927</u>
Change in net position	221,819	260,647	(2,675)	868,332	1,348,123
NET POSITION					
Beginning	<u>4,499,861</u>	<u>5,152,249</u>	<u>358,348</u>	<u>54,543</u>	<u>10,065,001</u>
Ending	<u>\$ 4,721,680</u>	<u>\$ 5,412,896</u>	<u>\$ 355,673</u>	<u>\$ 922,875</u>	<u>\$ 11,413,124</u>

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
AS OF JUNE 30, 2020

	Student Activities Funds	Bond Deposit Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 321,812	\$ 57,932	\$ 379,744
Total assets	<u>\$ 321,812</u>	<u>\$ 57,932</u>	<u>\$ 379,744</u>
LIABILITIES			
Payables	\$ 138,149	\$ -	\$ 138,149
Due to others	183,663	57,932	241,595
Total liabilities	<u>\$ 321,812</u>	<u>\$ 57,932</u>	<u>\$ 379,744</u>

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2020</u>
Student Activities Funds				
Assets				
Cash and cash equivalents	\$ 372,288	\$ 537,638	\$ 588,114	\$ 321,812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Payables	\$ 157,235	\$ 94,434	\$ 113,520	\$ 138,149
Due to others	215,053	443,204	474,594	183,663
	<u>\$ 372,288</u>	<u>\$ 537,638</u>	<u>\$ 588,114</u>	<u>\$ 321,812</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Bond Deposit Fund				
Assets				
Cash and cash equivalents	\$ 58,682	\$ 7,500	\$ 8,250	\$ 57,932
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Due to others	\$ 58,682	\$ 7,500	\$ 8,250	\$ 57,932
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 430,970	\$ 545,138	\$ 596,364	\$ 379,744
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Payables	\$ 157,235	\$ 94,434	\$ 113,520	\$ 138,149
Due to others	273,735	450,704	482,844	241,595
	<u>\$ 430,970</u>	<u>\$ 545,138</u>	<u>\$ 596,364</u>	<u>\$ 379,744</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

STATISTICAL SECTION

STATISTICAL SECTION

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

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Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. 109

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes. 115

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. 118

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments. 121

Operating Information

These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs. 122

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				
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 38,972,295	\$ 39,544,160	\$ 39,917,453	\$ 41,657,339	\$ 42,583,307
Restricted	467,790	685,697	552,290	632,490	663,739
Unrestricted	4,497,207	4,406,532	5,666,268	6,129,427	5,400,289 *
Total governmental activities net position	<u>\$ 43,937,292</u>	<u>\$ 44,636,389</u>	<u>\$ 46,136,011</u>	<u>\$ 48,419,256</u>	<u>\$ 48,647,335</u>
	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 44,264,729	\$ 44,266,549	\$ 44,271,097	\$ 44,003,337	\$ 43,808,492
Restricted	1,443,238	1,523,850	1,588,894	2,061,984	2,025,655
Unrestricted	4,416,124	3,550,294	3,849,162 **	4,876,460	4,953,819
Total governmental activities net position	<u>\$ 50,124,091</u>	<u>\$ 49,340,693</u>	<u>\$ 49,709,153</u>	<u>\$ 50,941,781</u>	<u>\$ 50,787,966</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).

** The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The implementation of GASB No. 75 resulted in a cumulative effect adjustment on unrestricted net position in the amount of \$(426,611).

Table 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 2,671,986	\$ 1,847,141	\$ 2,157,177	\$ 2,325,664	\$ 2,331,088	\$ 2,002,274	\$ 1,914,009	\$ 3,906,070	\$ 2,271,372	\$ 2,289,221
Public safety	1,710,710	1,737,616	1,780,489	1,798,758	1,533,228	1,958,451	2,326,702	2,241,666	2,276,243	2,684,744
Public works	1,647,722	3,593,895	2,225,255	2,545,433	3,052,927	3,248,072	3,148,082	2,861,556	3,080,041	2,921,774
Sanitation	829,323	815,396	713,943	716,871	575,329	692,430	674,764	592,701	709,466	681,177
Health and social services	175,649	159,253	144,374	170,823	324,383	323,088	291,320	290,005	343,674	364,605
Library	497,825	485,491	482,812	476,667	596,012	680,409	677,282	691,750	757,731	797,596
Culture and recreation	173,635	234,757	264,883	288,716	172,374	337,360	406,739	410,187	489,167	546,393
Education	23,864,113	24,187,619	24,225,731	25,147,599	25,355,643	25,824,877	26,760,107	29,290,483	28,892,110	30,798,419
Interest expense	679,951	600,495	605,379	405,209	474,218	459,038	421,121	380,625	338,083	369,754
Total governmental activities expenses	32,250,914	33,661,663	32,600,043	33,875,740	34,415,202	35,525,999	36,620,126	40,665,043	39,157,887	41,453,683
Program Revenues										
Governmental activities:										
Charges for services:										
General government	480,114	469,503	926,179	576,834	647,983	482,309	319,745	438,025	628,702	581,513
Public safety	263,266	292,985	282,149	307,782	345,569	381,644	369,869	420,819	492,392	536,104
Sanitation	349,593	311,334	181,864	133,313	105,876	303,371	484,124	394,537	310,057	313,942
Health and social services	79,088	74,751	63,045	58,282	77,059	107,493	58,516	67,933	67,374	92,509
Library	-	-	16,873	9,411	7,897	5,783	7,457	10,085	10,439	4,758
Culture and recreation	136,993	148,914	123,409	93,661	96,025	178,098	180,662	264,769	321,574	275,864
Education	444,099	438,616	397,739	395,133	372,690	436,625	438,503	461,283	469,874	349,098
Operating grants and contributions	9,458,832	10,797,450	9,546,817	10,288,334	9,678,492	10,082,242	9,492,160	13,085,665	11,041,166	12,551,284
Capital grants and contributions	794,874	736,754	134,708	1,573,883	1,473,996	1,485,386	548,896	707,582	369,181	99,338
Total governmental activities program revenues	12,006,859	13,270,307	11,672,783	13,436,633	12,805,587	13,462,951	11,899,932	15,850,698	13,710,759	14,804,410
Net (Expense)/Revenue										
Governmental activities	(20,244,055)	(20,391,356)	(20,927,260)	(20,439,107)	(21,609,615)	(22,063,048)	(24,720,194)	(24,814,345)	(25,447,128)	(26,649,273)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes, levied for general purposes	17,172,881	18,015,130	19,129,203	19,488,998	19,562,114	20,304,828	20,551,031	22,557,391	23,741,168	23,717,011
Grants and contributions not restricted to specific programs	2,799,849	2,990,206	3,193,542	3,049,172	3,285,474	3,138,513	3,195,915	2,834,538	2,537,378	2,534,204
Unrestricted investment earnings	205,679	85,117	124,247	184,182	45,561	96,463	189,850	217,487	401,210	244,243
Total governmental activities	20,178,409	21,090,453	22,446,992	22,722,352	22,893,149	23,539,804	23,936,796	25,609,416	26,679,756	26,495,458
Special items - loss on sale of capital assets	2,215,750		-	-	-	-	-	-	-	-
Change in Net Position										
Governmental activities	\$ (2,281,396)	\$ 699,097	\$ 1,519,732	\$ 2,283,245	\$ 1,283,534	\$ 1,476,756	\$ (783,398)	\$ 795,071	\$ 1,232,628	\$ (153,815)

Table 3

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

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
General government	\$ 626,782	\$ 486,206	\$ 934,326	\$ 576,834	\$ 647,983
Public safety	365,841	310,172	316,560	479,391	418,008
Public works	514,350	1,929,980	410,069	1,459,630	1,972,328
Sanitation	561,770	345,901	181,864	141,088	105,876
Health and social services	79,088	77,641	63,045	75,447	78,617
Library	86,966	77,083	20,185	21,484	18,081
Culture and recreation	293,610	131,671	123,409	543,661	101,025
Education	9,478,452	9,911,653	9,623,325	10,139,098	9,463,669
Total governmental activities	<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>
Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities:					
General government	\$ 414,257	\$ 332,539	\$ 2,182,383	\$ 865,063	\$ 663,535
Public safety	407,095	389,328	468,786	603,661	635,881
Public works	699,840	753,807	1,018,418	648,143	460,353
Sanitation	303,371	493,524	394,537	310,057	326,381
Health and social services	151,919	64,969	67,933	113,632	92,509
Library	16,294	12,005	16,559	15,783	9,310
Culture and recreation	216,678	180,662	264,769	425,074	286,172
Education	11,182,045	9,673,098	11,437,313	8,783,562	12,330,269
Total governmental activities	<u>\$ 13,391,499</u>	<u>\$ 11,899,932</u>	<u>\$ 15,850,698</u>	<u>\$ 11,764,975</u>	<u>\$ 14,804,410</u>

Table 4

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 401,863	\$ 93,474	\$ 74,786	\$ 185,098	\$ 163,398
Restricted	-	194,587	-	-	-
Committed	780,737	840,737	900,737	846,845	814,624
Assigned	-	-	-	-	611,645
Unassigned	-	179,364	246,729	160,167	6,182,226
Total general fund	3,314,760	3,806,587	4,878,614	5,624,179	-
	<u>\$ 4,497,360</u>	<u>\$ 5,114,749</u>	<u>\$ 6,100,866</u>	<u>\$ 6,816,289</u>	<u>\$ 7,771,893</u>
All Other Governmental Funds					
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	392,790	416,110	477,290	1,146,275	4,186,015
Committed	2,451,887	2,418,024	2,645,183	2,263,475	2,555,611
Unassigned	(209,695)	(142,366)	(134,896)	(132,912)	(132,912)
Total all other governmental funds	<u>\$ 2,709,982</u>	<u>\$ 2,766,768</u>	<u>\$ 3,062,577</u>	<u>\$ 3,351,838</u>	<u>\$ 6,683,714</u>
	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 132,912	\$ 188,227	\$ -	\$ -	\$ -
Committed	787,237	787,237	780,737	787,237	7,000
Assigned	629,566	803,174	-	561,381	1,185,836
Unassigned	6,144,025	5,287,089	6,207,225	7,060,613	6,535,770
Total general fund	<u>\$ 7,693,740</u>	<u>\$ 7,065,727</u>	<u>\$ 6,987,962</u>	<u>\$ 8,409,231</u>	<u>\$ 7,728,606</u>
All Other Governmental Funds					
Nonspendable	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Restricted	3,843,971	2,991,165	1,874,519	3,862,219	3,320,956
Committed	1,531,383	1,489,903	1,870,913	1,670,090	1,733,335
Assigned	-	-	-	64,056	64,056
Unassigned	(132,912)	(132,912)	(1,000)	(2,000,000)	-
Total all other governmental funds	<u>\$ 5,317,442</u>	<u>\$ 4,423,156</u>	<u>\$ 3,819,432</u>	<u>\$ 3,671,365</u>	<u>\$ 5,193,347</u>

Table 5

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 17,058,185	\$ 18,065,407	\$ 19,088,274	\$ 19,400,489	\$ 19,918,176	\$ 20,216,216	\$ 20,593,561	\$ 22,499,748	\$ 23,764,097	\$ 23,837,014
Intergovernmental	13,473,047	14,775,994	13,056,442	14,911,608	14,853,013	14,658,547	13,221,720	14,809,833	13,550,225	13,564,499
Charges for services	1,774,242	1,757,373	1,848,530	1,562,816	1,645,771	1,777,206	1,769,140	1,997,774	2,238,353	2,138,531
Investment income	205,679	85,117	124,247	184,182	45,561	96,463	189,850	217,487	401,210	244,243
Miscellaneous	127,551	81,710	123,225	25,107	8,213	49,202	142,090	47,583	120,771	78,287
Total revenues	32,638,704	34,765,601	34,240,718	36,084,202	36,470,734	36,797,634	35,916,361	39,572,425	40,074,656	39,862,574
Expenditures										
General government	2,454,899	1,777,569	2,186,516	2,240,095	2,295,288	2,630,385	2,632,872	2,768,682	2,829,231	3,140,099
Public safety	1,440,640	1,468,427	1,481,217	1,553,050	1,352,487	1,495,792	1,750,218	1,678,318	1,651,783	1,885,044
Public works	1,209,961	2,876,181	1,808,620	1,978,226	2,402,320	2,542,360	2,253,189	1,959,232	2,174,211	2,025,068
Sanitation	897,332	665,016	570,221	564,017	569,211	656,268	633,252	553,341	667,048	644,084
Health and social services	162,032	149,363	134,885	160,785	310,116	258,547	214,380	218,774	229,184	252,721
Library	468,247	458,881	457,280	458,579	478,247	455,190	459,693	471,217	500,774	543,316
Culture and recreation	149,018	216,937	247,785	261,706	170,633	273,401	334,447	353,624	397,718	464,241
Education	22,743,734	23,154,419	23,333,131	24,318,652	25,011,634	24,934,363	25,499,925	26,487,628	27,671,297	28,937,970
Miscellaneous	120,000	-	-	-	-	-	-	-	-	-
Debt service:										
Principal payments	2,224,578	1,747,369	1,594,800	1,439,865	1,233,884	1,588,113	1,566,066	1,562,255	1,577,413	1,650,435
Interest and fiscal charges	668,650	591,562	593,658	415,770	473,253	471,313	431,009	382,432	350,115	302,311
Capital outlays	1,147,252	1,461,154	748,455	3,438,773	2,354,344	3,505,088	1,831,301	3,670,169	1,126,848	5,604,805
Total expenditures	33,686,343	34,566,878	33,156,568	36,829,518	36,651,417	38,810,820	37,606,352	40,105,672	39,175,622	45,450,094
Excess of revenues over (under) expenditures	(1,047,639)	198,723	1,084,150	(745,316)	(180,683)	(2,013,186)	(1,689,991)	(533,247)	899,034	(5,587,520)

Table 5 (Continued)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
Issuance of bonds	\$ -	\$ -	\$ 7,610,000	\$ -	\$ 5,320,000	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on issuance of bonds	-	-	462,953	-	271,122	-	-	-	3,520	-
Payment to refunded bond escrow agent	-	-	(7,875,166)	-	-	-	-	-	-	-
Issuance of bond anticipation note	-	-	-	1,750,000	-	-	-	-	-	6,000,000
Payment of bond anticipation note	-	-	-	-	(1,750,000)	-	-	-	-	-
Capital leases	173,902	475,452	-	-	417,324	545,429	167,692	121,049	101,357	428,877
Other proceeds	-	-	-	-	209,717	71,753	-	-	-	-
Transfers in	455,000	784,203	1,104,768	635,246	525,000	406,099	532,009	671,054	852,461	876,803
Transfers out	(455,000)	(784,203)	(1,104,768)	(635,246)	(525,000)	(406,099)	(532,009)	(671,054)	(852,461)	(876,803)
Total other financing sources (uses)	173,902	475,452	197,787	1,750,000	4,468,163	617,182	167,692	121,049	104,877	6,428,877
Net change in fund balances	\$ (873,737)	\$ 674,175	\$ 1,281,937	\$ 1,004,684	\$ 4,287,480	\$ (1,396,004)	\$ (1,522,299)	\$ (412,198)	\$ 1,003,911	\$ 841,357
Debt service as a percentage of noncapital expenditures	8.9%	7.0%	6.8%	5.6%	5.0%	5.9%	5.1%	5.1%	5.0%	4.9%

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
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%
2017	*	686,210,030	208,248,230	10,102,700	904,560,960	172,955,030	731,605,930	24.22	1,045,151,329	70.00%
2018		670,892,230	196,509,700	11,368,400	878,770,330	172,998,730	705,771,600	26.47	1,008,245,143	70.00%
2019		670,964,010	233,587,668	9,687,700	914,239,378	172,998,730	741,240,648	27.37	1,058,915,211	70.00%
2020		674,365,047	237,155,567	9,687,700	921,208,314	173,123,830	748,084,484	27.37	1,068,692,120	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)

	2020			2011	
	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Taxpayer					
Connecticut Light & Power	\$ 11,267,710	1.22%		\$ 6,138,910	0.67%
Somers Solar Center LLC	11,029,870	1.20%		-	0.00%
Grower Direct Farms Inc	6,843,330	0.74%	(1)	2,698,650	0.29%
Driving Range 349 Main Street LLC	2,462,570	0.27%		-	0.00%
Papale, John & Lynn	2,269,660	0.25%		-	0.00%
Somers Crossing LLC	2,260,600	0.25%		1,873,200	0.20%
Pleasant View Farms Realty Co	2,089,890	0.23%		-	0.00%
The Connecticut Water Co	2,005,980	0.22%		1,800,150	0.20%
Farm Credit Leasing Svcs	1,808,540	0.20%		-	0.00%
Somers Recreation Inc	1,778,390	0.19%		1,790,240	0.19%
Total	\$ 43,816,540	4.76%		\$ 14,301,150	1.56%
Total Taxable Assessed					
Real Estate Value *	\$ 921,208,314			\$ 918,584,160	

* Total Taxable Assessed Real Estate Value before Exempt Property

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

Note: A property revaluation was performed in 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			
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%		171,667		17,695,048	99.77%
2013		18,591,286		18,369,471	98.81%		185,589		18,555,213	99.81%
2014		19,288,638		19,038,264	98.70%		215,435		19,253,781	99.82%
2015		19,620,357		19,353,138	98.64%		201,393		19,554,747	99.67%
2016		20,207,717		19,909,113	98.52%		214,716		20,127,693	99.60%
2017		20,472,057		20,177,715	98.56%		203,368		20,355,151	99.43%
2018		22,584,990		22,246,552	98.50%		247,574		22,246,552	98.50%
2019		23,481,900		23,247,473	99.00%		172,151		23,419,624	99.00%
2020		23,790,855		23,589,997	99.16%		-		23,589,997	99.16%

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				
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	1.26%	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	1.55%	4.36%	1,471
2016	14,605,458	-	895,087	15,500,545	1.48%	4.05%	1,356
2017	13,216,854	-	806,713	14,023,567	1.39%	3.12%	1,204
2018	11,838,930	-	549,458	12,388,388	1.23%	3.18%	1,115
2019	10,374,099	-	473,402	10,847,501	1.02%	2.48%	1,001
2020	8,937,789	6,000,000	631,844	15,569,633	1.46%	3.33%	1,444

* Represents short-term debt subsequently refinanced on a long-term basis.

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					
2011	\$	15,215,000	\$ 15,215,000	1.44%	4.16%	\$ 1,347
2012		13,595,000	13,595,000	1.29%	3.38%	1,170
2013		12,956,060	12,956,060	1.22%	3.34%	1,132
2014		11,537,141	11,537,141	1.08%	3.03%	995
2015		16,012,613	16,012,613	1.49%	4.19%	1,417
2016		14,605,458	14,605,458	1.40%	3.25%	1,278
2017		13,216,854	13,216,854	1.31%	2.94%	1,135
2018		11,838,930	11,838,930	1.17%	3.04%	1,066
2019		10,374,099	10,374,099	0.98%	2.37%	958
2020		8,937,789	8,937,789	0.84%	1.91%	829

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

Table 11

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Legal Debt Margin Calculation:										
Total capacity of borrowing (7 times base)	\$ 119,578,025	\$ 124,784,597	\$ 130,596,214	\$ 135,638,237	\$ 138,462,688	\$ 142,048,235	\$ 144,557,581	\$ 158,184,285	\$ 166,249,342	\$ 168,944,622
Total present indebtedness	<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>	<u>12,781,000</u>	<u>11,475,000</u>	<u>20,075,000</u>	<u>14,695,000</u>
Margin for additional borrowing	<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>	<u>\$ 131,776,581</u>	<u>\$ 146,709,285</u>	<u>\$ 146,174,342</u>	<u>\$ 154,249,622</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	12.16%	10.62%	9.45%	12.03%	12.03%	9.92%	8.84%	3.65%	12.08%	8.70%

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
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%
2017	11,649	449,791,188	38,612	42.5	12.0	1,419	4.4%
2018	11,106	390,042,720	35,120	42.5	12.0	1,432	3.7%
2019	10,834	437,563,592	40,388	42.5	12.0	1,374	3.0%
2020	10,784	467,885,408	43,387	42.5	12.0	1,349	3.0%

(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

Table 13

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function/Program										
General government										
Finance	2.0	2.0	2.0	3.0	2.5	2.5	2.5	2.5	3.0	3.0
Building	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Other	9.0	9.0	7.0	7.0	8.0	8.0	8.0	12.0	12.0	11.5
Police										
Officers	1.0	2.0	2.0	3.5	3.5	4.5	5.0	6.5	7.0	6.5
State Troopers	-	-	-	3.0	2.0	2.0	3.0	1.0	1.0	1.0
Civilians	1.0	-	-	-	-	-	1.0	1.0	1.0	1.0
Fire										
Firefighters and officers	7.0	7.0	7.0	7.5	10.5	8.0	8.0	7.5	8.0	9.5
Refuse collection	3.0	2.0	-	1.5	1.5	1.5	1.5	1.5	1.0	1.0
Public works	8.0	9.0	13.0	8.0	8.0	8.0	6.0	6.0	7.0	7.0
Parks and recreation	2.0	1.0	2.0	3.5	4.5	5.5	4.0	4.0	4.0	6.5
Library	9.0	8.0	8.0	10.0	9.5	9.5	7.5	7.5	8.0	8.0
Sanitation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Transit	2.0	2.0	2.0	2.0	3.0	4.0	2.0	3.0	2.0	2.0
Total	<u>48.0</u>	<u>46.0</u>	<u>47.0</u>	<u>53.0</u>	<u>57.0</u>	<u>57.5</u>	<u>52.5</u>	<u>56.5</u>	<u>57.5</u>	<u>60.5</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.

Table 14

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

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program											
Police											
	Criminal investigations	296	266	292	247	297	351	364	331	218	126
	Motor vehicle accidents	127	133	130	130	133	110	109	117	107	116
	DWI Arrests	24	33	36	29	34	13	24	27	18	15
	Miscellaneous Calls for Service	-	-	-	-	-	-	-	-	7,005	7,894
Fire											
	Emergency responses	1,058	1,225	999	929	1,046	1,144	1,175	1,310	1,407	1,836
	Fires extinguished	23	25	21	28	12	30	32	36	22	27
	Inspections	240	234	252	246	317	207	255	293	291	164
Refuse collection											
	Refuse collected (tons per year)	4,345	3,733	4,693	3,053	3,598	3,818	3,784	3,205	3,560	3,482
	Bulky waste (tons per year)	975	1,045	779	803	786	761	586	690	590	711
	Recycling (tons per year)	-	490	666	2,310	3,820	1,120	790	854	675	633
Other public works (miles)											
	Street resurfacing	8	4	7	7	11	2	2	-	-	14
	Paved surface	-	1	1	1	1	2	2	-	2	2
	Crack sealing	3	6	2	3	1	-	1	-	4	8
Library											
	Volumes in collection	53,698	56,139	57,822	59,488	65,409	65,439	66,585	67,658	69,467	68,875
	Total volumes circulated	60,085	60,468	63,111	58,206	74,435	74,614	63,487	61,103	58,708	40,800
Water											
	New connections	1	-	2	2	5	3	2	2	-	-
	New well permits	13	7	7	6	7	12	15	5	10	6
Wastewater											
	New septic permits	28	49	11	10	10	13	7	10	9	13
	New sewer connections	2	2	6	4	4	3	7	1	5	1
	Average yearly sewage treatment (thousands of gallons)/day	39	31	28	29	28	32	36	41	46	43
Transit (senior bus)											
	Total route miles	28,596	25,486	23,039	25,383	26,746	25,248	28,020	29,013	28,948	17,176
	Passengers	3,405	4,136	3,917	4,545	3,808	3,306	3,543	3,680	3,542	2,120

* Transitioned to single stream recycling

Source: Various Town departments.

Table 15

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	3	4	5	5	5	6	6
State patrol units	-	-	-	3	2	2	3	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	89	89	90	90	90	90	90	90	90	90
Highways (miles)	8	8	8	8	8	8	8	8	8	8
Streetlights	30 *	450 *	450 *	450 *	431 *	460 *	464 *	464 *	464 *	464 *
Traffic signals	5	5	5	9	8	9	9	9	9	9
Parks and recreation										
Acreage	46	59	118	118	118	122	306	306	306	306
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	9	9	9	9	10	10	10	10	10	10
Soccer/football fields	9	10	11	11	11	11	11	11	11	11
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	5 **	5	5	5	5	5	5	5	5	5
Fire hydrants	193	195	200	200	193	193	193	193	193	193
Storage capacity (thousands of gallons)	- **	-	-	-	-	-	-	-	-	-
Wastewater										
Sanitary sewers (miles)	4	4	4	4	4	4	4	4	4	4
Storm sewers (miles)	41	41	41	41	35	35	35	35	35	35
Treatment capacity (thousands of gallons)	100	100	97	97	97	97	97	97	97	97
Transit—minibuses	2	2	2	3	2	2	2	2	2	2

* Includes streetlights leased from Eversource

** Per contract termination water system sold to Hazardville Water Company

Source: Various Town departments.