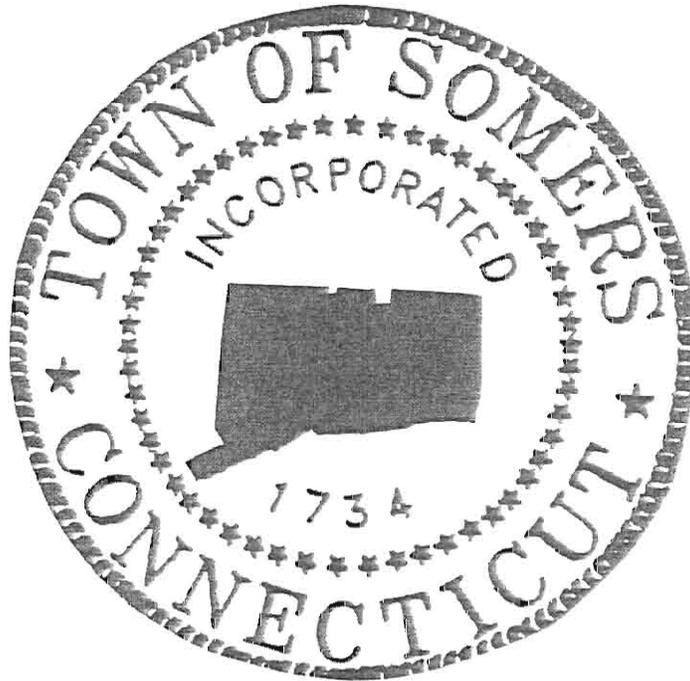


**TOWN OF SOMERS,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2011**

**TOWN OF SOMERS,
CONNECTICUT**



**Comprehensive Annual
Financial Report**

**For The Year Ended
June 30, 2011**

Prepared by:

**Kimberly Doherty-Marcotte,
Chief Financial Officer**

**TOWN OF SOMERS, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

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INTRODUCTORY SECTION

TOWN OF SOMERS

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

December 30, 2011

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

Connecticut General Statutes require that all municipal governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. In accordance with that requirement, we hereby issue the comprehensive annual financial report of the Town of Somers, Connecticut (the "Town") for the fiscal year ended June 30, 2011.

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 CCR 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, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the Town's basic financial statements as of and for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The Town of Somers, incorporated in 1734, is a suburb consisting of 28.7 square miles and is located approximately 24 miles from Hartford, Connecticut to the southwest, 10 miles from Springfield, Massachusetts to the northwest, 7 miles from interstate 91 to the west and is in the north central part of the State with a June 30, 2011 population of 11,297. Bradley International airport is 18 miles from the Town.

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

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

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

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

Local Economy

The Town is primarily a suburban residential community that derives substantially all of its income from property taxes and federal and state grants, with the balance from miscellaneous fees, permits and other sources. The Town has a moderate economic climate. The Connecticut Department of Labor lists the June 2011 unemployment rate at 8.2% (not seasonally adjusted), which is lower than the state unemployment rate of 9.1%. Industry within the Town includes specialty manufacturing, small machine shops and a wholesale nursery. This light industry provides stable employment, however, the primary employment of Town residents is provided from the industry in neighboring communities in the area between Hartford, Connecticut and Springfield, Massachusetts. The Town is fortunate to have State of Connecticut owned facilities that provide a stable revenue base in the form of revenues paid in lieu of taxes. The Town realized a 21% increase in building permits compared to the prior fiscal year.

Long-term Financial Planning

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

Relevant Financial Policies

The Town’s cash management policy emphasizes foremost the security of the principal being invested, second liquidity and third to obtain the highest yield on the investment. The cash invested is idle cash, which is transferred daily into investment accounts. This idle cash is invested in the State Treasurer’s Short-Term Investment Fund, the Cooperative Liquid Assets Security Systems Fund, which is an investment pool that contains U.S Treasury Securities, repurchase agreements, U.S. Government agency notes, U.S. Government agency securities and money market investment accounts that produce high yields and daily liquidity similar to the State Treasurer’s Short-Term Investment Fund, and competitive bank certificates of deposits with maturity dates ranging from 120-180 days.

Risk Management

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

The blizzard in January 2011 delivered record snow falls and heavily impacted the area. FEMA disaster number DR-1958-CT approved public assistance reimbursement of 75% for costs incurred by the Town during the severe snowstorm disaster. In March 2011 the area was further affected by flooding, which resulted from heavy rains combined with the winter run-off.

Major Initiatives

The reconstruction of the tennis and basketball courts at the Field Park Recreation facility was completed. In addition to the court reconstruction, fencing was installed and the bathroom facilities were renovated.

With funding obtained from the State’s Small Town Economic Assistance Program (STEAP) the Town has begun the Somersville Streetscape Improvement Project. This project focuses on the Main Street and School Street sections of Somersville and includes improvements to sidewalks, parking, lighting and tree planting, as well as the adoption of zoning regulation changes that will support attractive redevelopment of residential and commercial property in the village. The Town will pursue improvements to the streets in the village in accordance with the newly developed plan, but will likely move forward with these primarily to the extent that grant funds are available to cover most of the cost.

Somersville developed around the mill operated by the Somersville Manufacturing Company. The Town continues to be engaged in redevelopment of this area, the cornerstone of which is the redevelopment of the mill building itself. The property is privately owned and most of the redevelopment cost will be borne by the developer of the property.

New STEAP grant funding has been awarded to the Town. The projects that will be covered by this funding include sidewalk installation along Battle Street north from Main Street to the cemetery and an expansion of the Somers Senior Center with parking lot renovations.

The Town's Water Pollution Control Authority began its water main extension project. The project is funded through a grant from the State of CT Department of Environmental Protection. The project extends the public water main from Main Street north to Sunset Drive and enables the abandonment of the private wells in that area.

The State of Connecticut awarded the Town an EECBG grant, which enabled the Town to install a photovoltaic system at the Town's fire station. The installation of the solar panels at the fire station was the first of the alternative energy projects being planned by the Town. Following the successful completion of the project at the fire station, the Town was awarded additional alternative energy grants from the State. In the upcoming year photovoltaic systems will be installed at the public works garage and the Somers Elementary School.

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, 2010. This was the thirteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

I would like to extend appreciation to the Board of Finance and First Selectman for their valuable contributions and support in the preparation of this comprehensive annual financial report. Special appreciation goes to our auditors CCR LLP for their expertise and professionalism and their assistance in preparing this report in a complete and timely manner.

Sincerely,



Kimberly Doherty-Marcotte
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Somers
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davidson

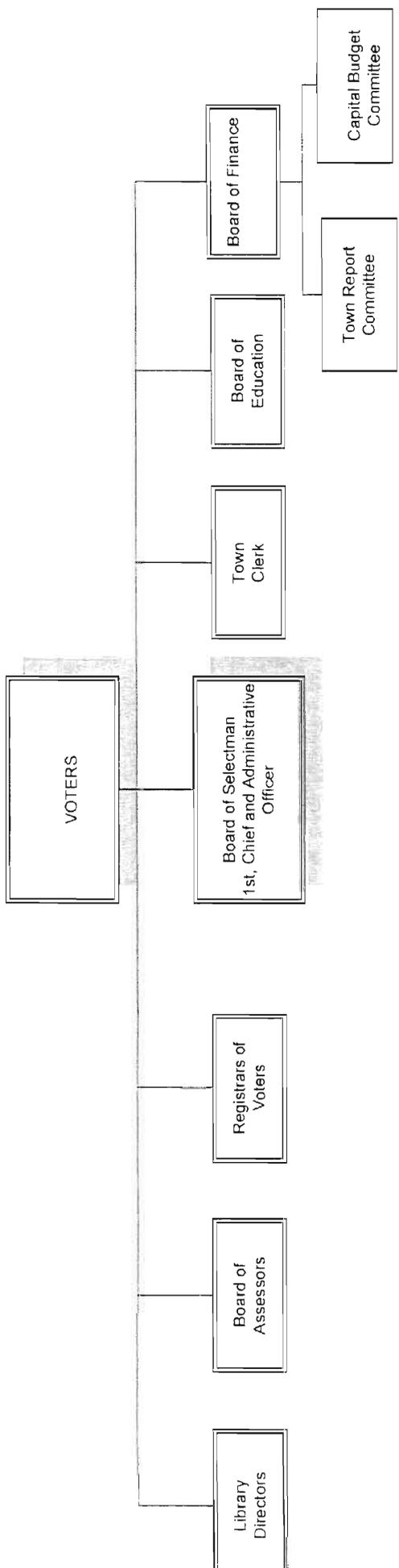
President

Jeffrey R. Emer

Executive Director

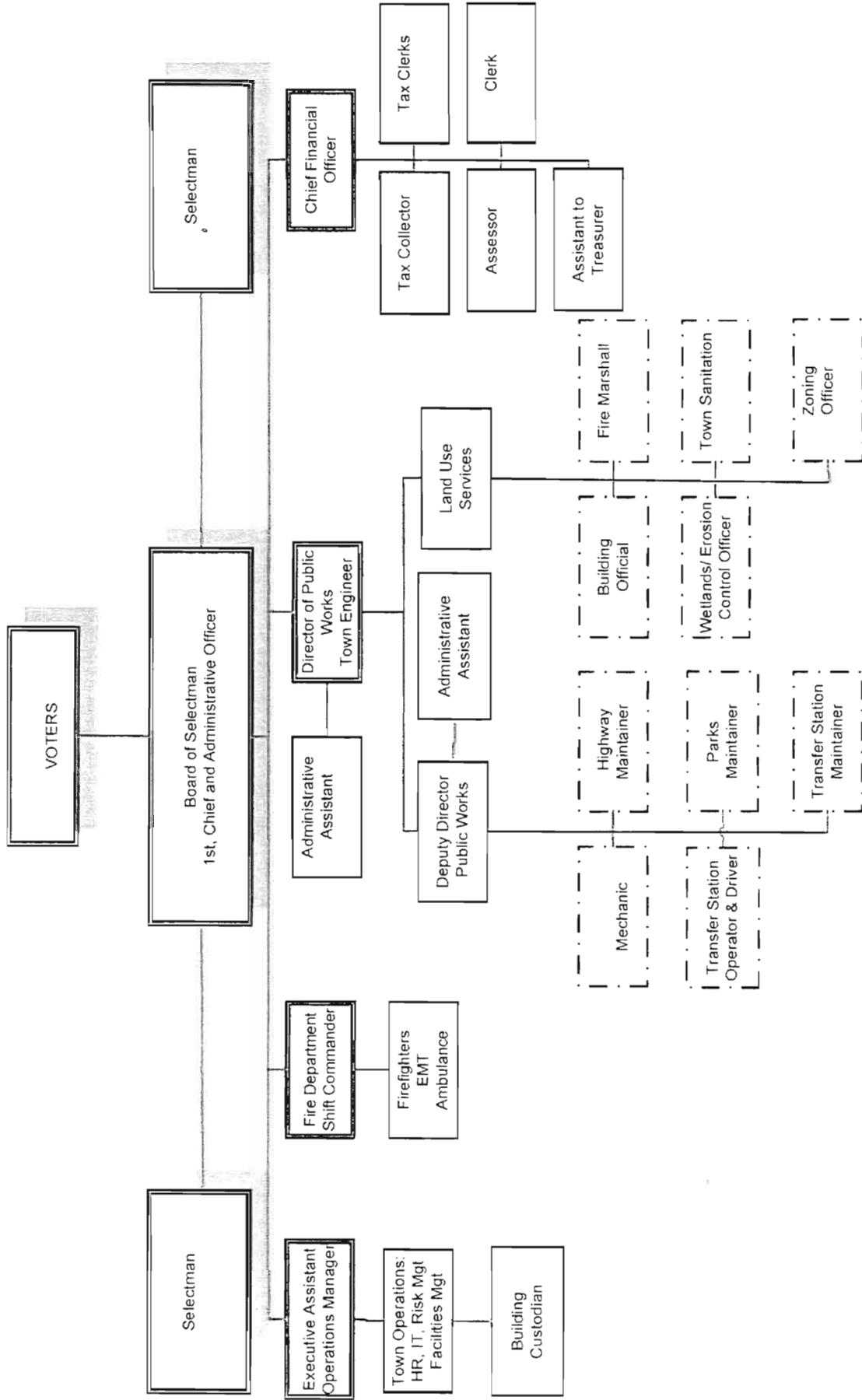
Town of Somers, Connecticut

Organizational Chart



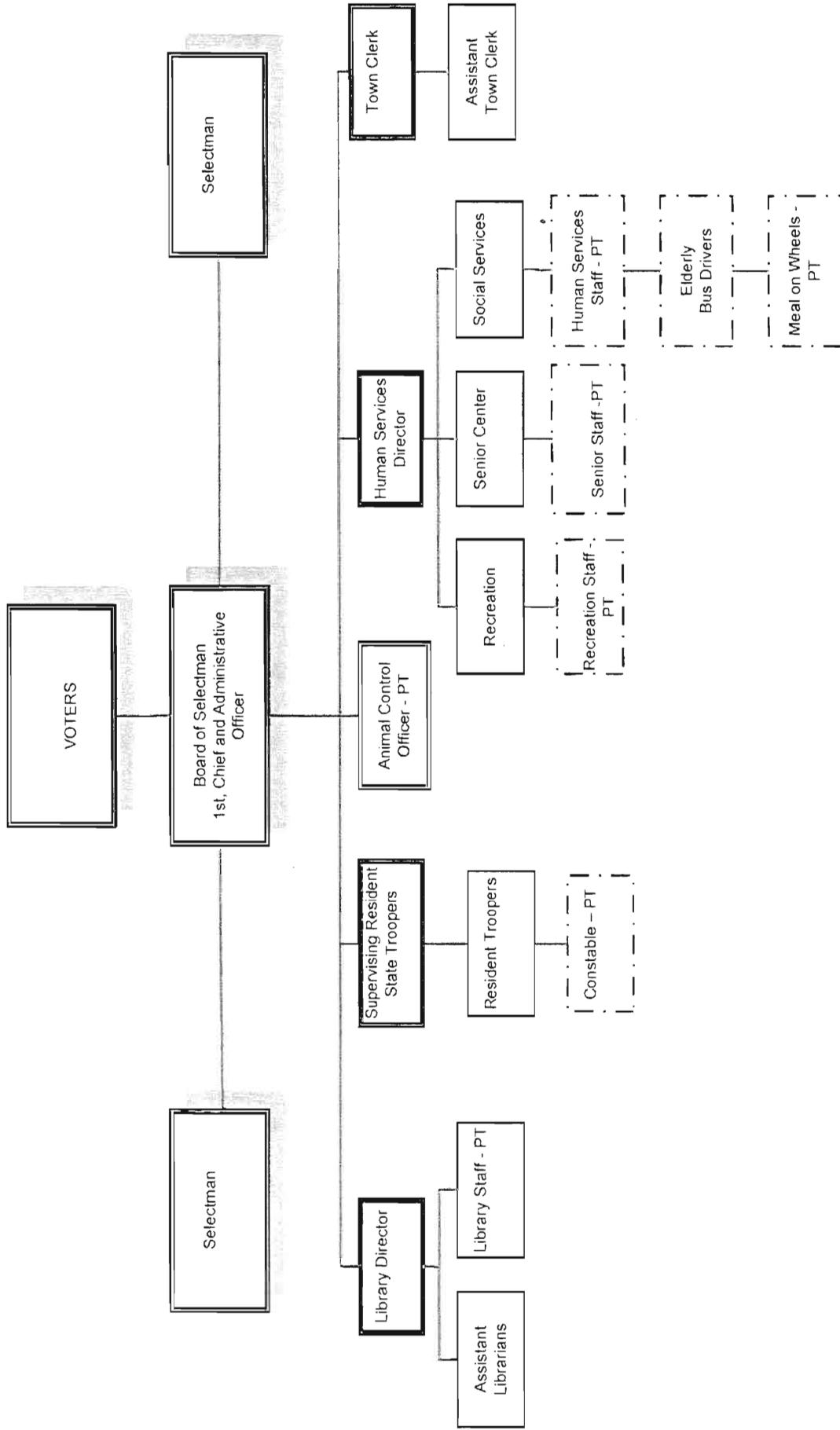
Town of Somers, Connecticut

Organizational Chart (continued)



Town of Somers, Connecticut

Organizational Chart (continued)



**TOWN OF SOMERS, CONNECTICUT
PRINCIPAL TOWN OFFICIALS
JUNE 30, 2011**

TOWN MEETING - BOARD OF SELECTMEN FORM OF GOVERNMENT

BOARD OF SELECTMEN

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

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

BOARD OF EDUCATION

David Palmer, Chairperson
Joan S. Formeister, Vice Chairperson
Rick Lees, Jr., Secretary
Sarah Moynihan Bollinger
Bruce Devlin
Anne Kirkpartick
Marybeth Marquardt
Timothy R. Potrikus
John Taylor

BOARD OF FINANCE

James W. Persano, Chairperson
Stephen P. Krasinski, Vice Chairperson
Thomas G. Mazzoli, Secretary
Michael D. Parker
Marilyn W Pronovost
George F. Warner

FINANCIAL SECTION

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

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, 2011, which collectively comprise the Town's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Somers, Connecticut as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the schedules of employer contributions on page 52 and the schedules of funding progress on page 53 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.

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

CCR LLP

Glastonbury, Connecticut
December 30, 2011

Management's Discussion and Analysis

TOWN OF SOMERS, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this Comprehensive Annual Financial Report ("Report").

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$43,937,292 (net assets). Of this amount, \$4,497,207 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors, a decrease of \$1,727,325 over the prior year.
- The Town's total net assets decreased by \$2,281,396. The decrease is primarily attributed to the transfer of infrastructure assets, consisting of the Somersville water distribution system with a net book value of \$2,215,750, to a private Corporation pursuant to the termination of an operating agreement between the Town and the private Corporation entered into in 1988.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,207,342, a decrease of \$873,737 over the prior year. Approximately 87.9% of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.
- At the end of the current fiscal year, fund balance for the general fund was \$4,497,360, a decrease of \$870,547 over the prior year.
- The Town's total long-term bonded debt decreased by \$2,110,000 or 12.2% during the current fiscal year due to scheduled repayments of the debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains a number of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Sewer Maintenance Fund, and the Water Fund, each of 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 in the form of combining statements elsewhere in this report.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

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

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental funds financial statements. The notes to the financial statements can be found on pages 25 - 51 of this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

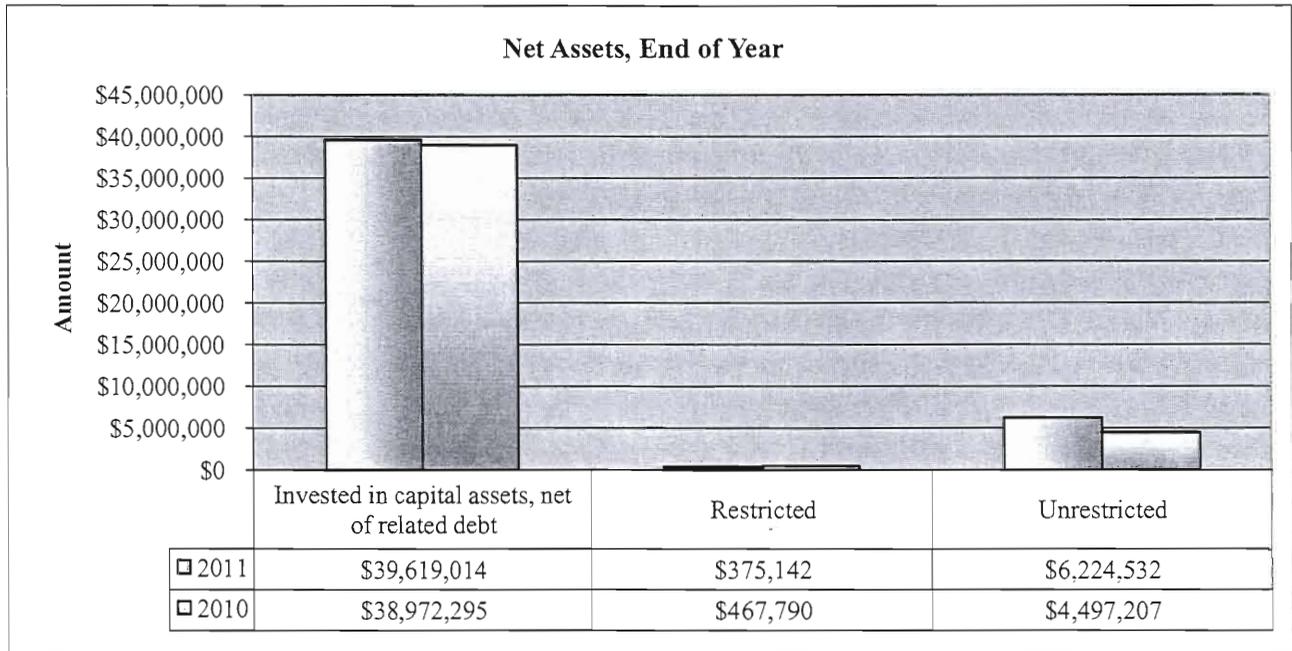
Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$43,937,292 and \$46,218,688 as of June 30, 2011 and 2010, respectively and are summarized as follows:

	Total	
	2011	2010
Current and other assets	\$ 10,108,449	\$ 11,426,237
Capital assets, net	54,267,401	56,935,022
Total assets	64,375,850	68,361,259
Current and other liabilities	1,861,099	1,865,102
Long-term liabilities	18,577,459	20,277,469
Total liabilities	20,438,558	22,142,571
Net assets:		
Invested in capital assets, net of related debt	38,972,295	39,619,014
Restricted	467,790	375,142
Unrestricted	4,497,207	6,224,532
Total net assets	\$ 43,937,292	\$ 46,218,688

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



88.7% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

1.1% of the Town's net assets are subject to external restrictions on how they may be used and are therefore, presented as restricted net assets.

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

Overall, net assets decreased by \$2,281,396 compared to an increase in net assets of \$682,330 in the prior year. The current year decrease is primarily attributed to the transfer of the Town's Somersville water distribution system with a net book value of \$2,215,750 to a private Corporation. The decrease compared to the prior year change in net assets is also due to additional capital grants and contributions received in the prior year.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

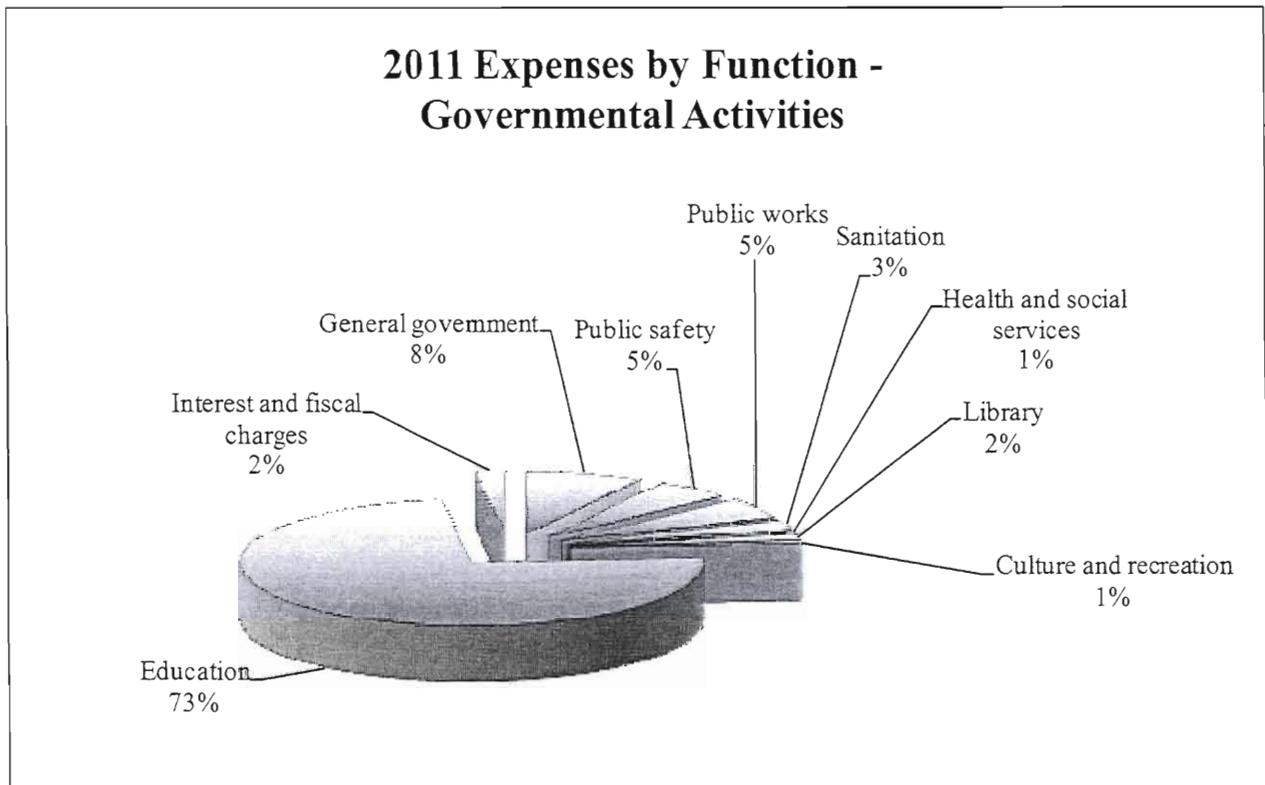
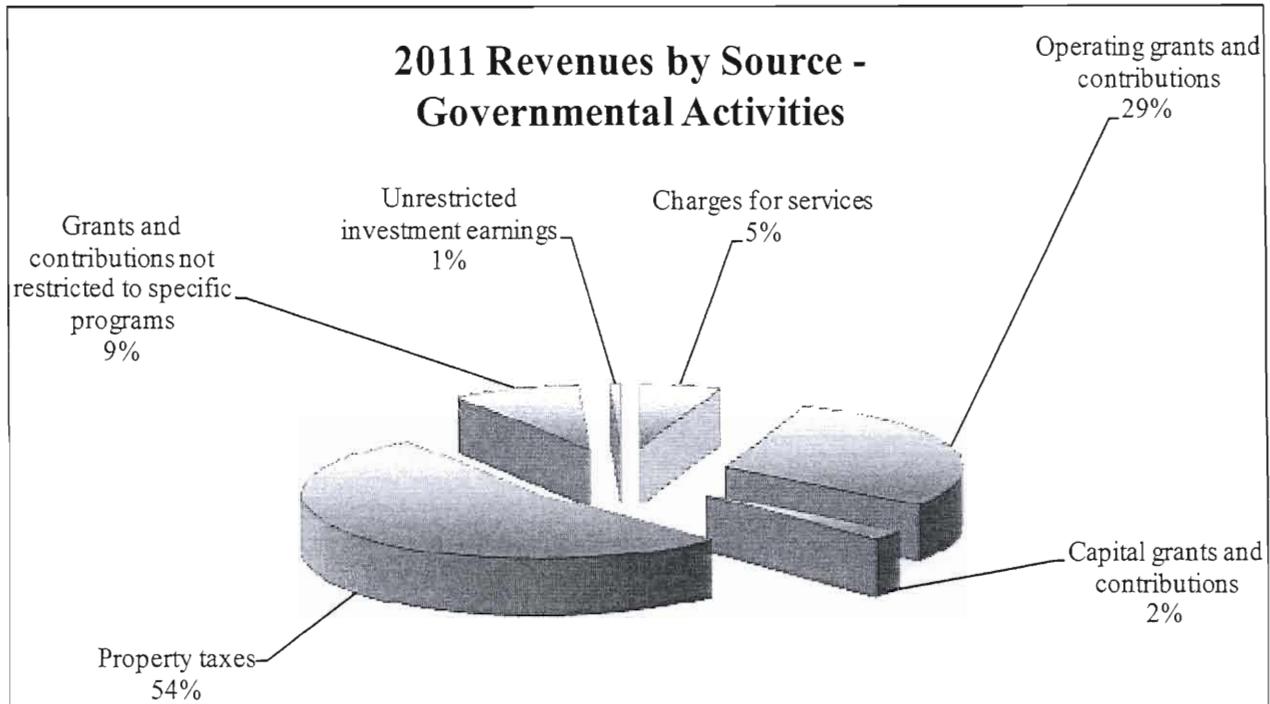
Changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

	Total	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 1,753,153	\$ 1,852,428
Operating grants and contributions	9,458,832	9,183,208
Capital grants and contributions	794,874	1,376,142
General revenues:		
Property taxes	17,172,881	17,000,499
Grants and contributions not restricted to specific programs	2,799,849	2,857,667
Unrestricted investment earnings	205,679	100,159
Total revenues	32,185,268	32,370,103
Program expenses		
General government	2,671,986	2,400,957
Public safety	1,710,710	1,572,666
Public works	1,647,722	1,465,614
Sanitation	829,323	793,200
Health and social services	175,649	311,741
Library	497,825	596,090
Culture and recreation	173,635	450,294
Education	23,864,113	23,336,796
Interest and fiscal charges	679,951	760,415
Total expenses	32,250,914	31,687,773
Change in net assets before special items	(65,646)	682,330
Special item - loss on transfer of capital assets	(2,215,750)	-
Change in net assets	(2,281,396)	682,330
Net assets, beginning	46,218,688	45,536,358
Net assets, ending	\$ 43,937,292	\$46,218,688

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)



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

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Assets *(Continued)*

Governmental activities decreased the Town's net assets by \$2,281,396. Significant line item variances are as follows:

- A decrease in capital grants and contributions of approximately \$581,000. This decrease is primarily attributed to the prior year recognition of contributed infrastructure (roads) assumed by the Town in the amount of \$812,592.
- A decrease in culture and recreation program expenses in the amount of approximately \$277,000. This decrease is directly related to the Town contributing \$274,500 in the prior year towards the purchase of land located within the Town by the Northern Connecticut Land Trust, who is holding the land as open space.
- An increase in education expenses in the amount of approximately \$527,000 primarily related to contractual increases in salaries and an increase in the cost of employee benefits.

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balance (committed, assigned, and unassigned) may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,207,342, a decrease of \$873,737 over the prior year. Approximately 87.9% of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$4,497,360. Of this amount, \$780,737 has been committed by the Board of Finance for the future funding of the Town's other post-employment benefits.

The fund balance of the Town's General Fund decreased by \$870,547 during the current fiscal year.

Sewer Maintenance Fund

The fund balance of the Sewer Maintenance Fund decreased by \$119,658 during the current fiscal year from \$372,603 to \$252,945. The decrease is primarily attributed to the recording of a legal settlement in the amount of \$120,000. The Town's General Fund reimbursed the Sewer Maintenance Fund \$60,000 in connection with the settlement through a transfer of funds subsequent to June 30, 2011.

Water Fund

The fund deficit of the Water Fund decreased by \$15,808 during the current fiscal year from \$(73,716) to \$(57,908). The Town intends to fund the deficit through future connection fees.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for 2011 planned for the utilization of fund balance of \$1,147,600 to cover the excess of budgeted expenses over budgeted revenues. However, the actual net decrease in fund balance of the General Fund on a budgetary basis was \$870,547, resulting in a positive variance of \$277,053. Expenditures were \$995,879 less than budgeted and total budgetary revenues were \$718,826. The variance in actual revenues and expenditures compared to budgeted revenues and expenditures was primarily related to \$844,382 in federal funding under the American Recovery and Reinvestment Act, which was accounted for in the Educational Grant Fund.

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, 2011 and 2010 totaled \$54,267,401 and \$56,935,022, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure, including park facilities, roads, and bridges. The net decrease in the Town's investment in capital assets for the current fiscal year was \$2,667,621.

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

- Write-off of the net book value of the Somersville water distribution system in the amount of \$2,215,750, which was transferred by the Town to a private Corporation in accordance with an agreement between the Town and the private Corporation executed in 1988.
- Capital additions of \$326,281 incurred in connection with the Somersville Streetscape Improvement Project.
- Capital additions of \$199,999 incurred in connection with the reconstruction of the tennis and basketball courts, installation of fencing, and renovation of the bathroom facilities at the Town's Field Park recreation facility.
- Capital additions of \$173,902 incurred in connection with the acquisition of an ambulance.

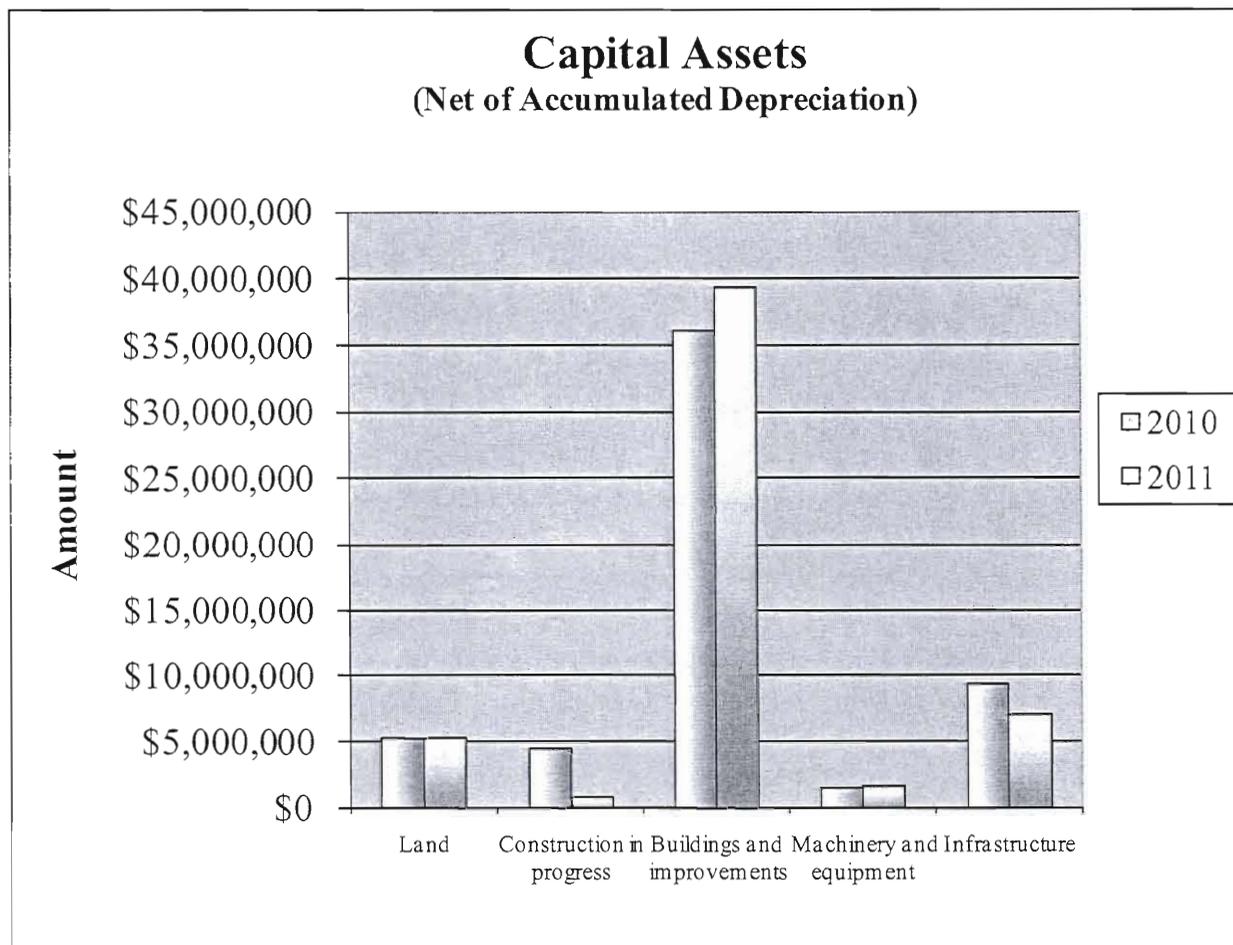
**TOWN OF SOMERS, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

	Total	
	2011	2010
Land	\$ 5,336,758	\$ 5,336,758
Construction in progress	805,712	4,556,182
Buildings and improvements	39,395,493	36,078,492
Machinery and equipment	1,664,038	1,560,750
Infrastructure	7,065,400	9,402,840
Totals	<u>\$ 54,267,401</u>	<u>\$ 56,935,022</u>



Additional information on the Town's capital assets can be found in Note 4 on page 36 of this report.

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

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$15,215,000. This entire amount is comprised of debt backed by the full faith and credit of the Town.

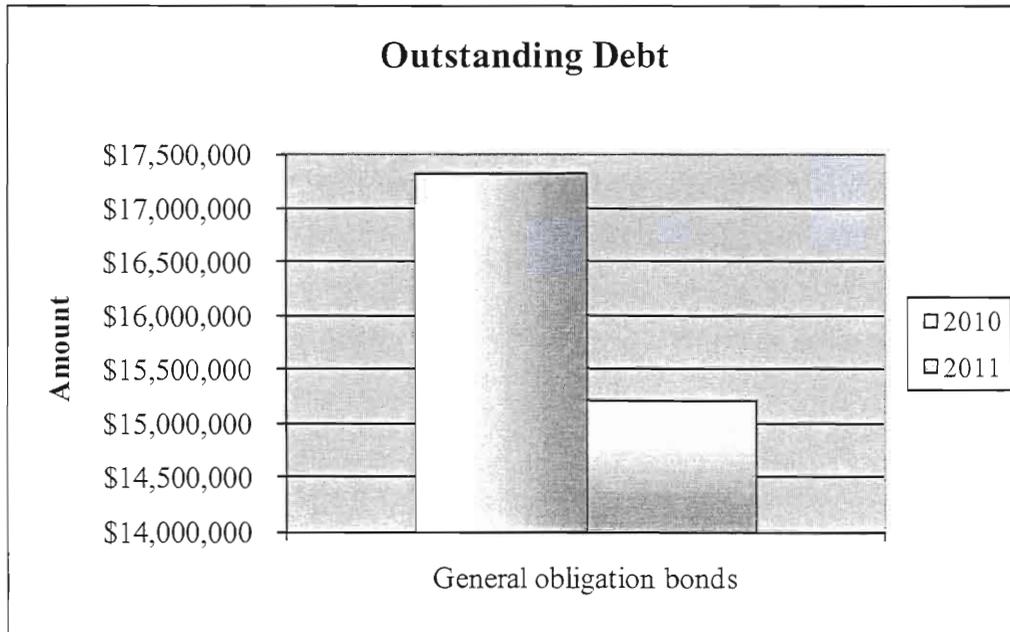
The Town's total bonded debt decreased by \$2,110,000 or 12.2% during the current year due to scheduled repayments of the debt. The Town's seven year capital construction/equipment plan and operating expense financial plan are established to control the level of capital expenditures, debt service expenditures and operating expenditures in order to maintain a level amount of debt service expenditures and to avoid any sharp increase in property tax rates. Debt levels are managed to ensure that debt service requirements of new debt reasonably coincide with the normal amortization of existing debt service expenditures.

The Town maintains an A1 rating from Moody's Investor Service for general obligation 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 bonded debt:

	Totals	
	2011	2010
General obligation bonds	\$ 15,215,000	\$ 17,325,000
Totals	\$ 15,215,000	\$ 17,325,000



Additional information on the Town's long-term debt can be found in Note 8 on pages 38 - 40 of this Report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town has increased as of June 2011 to 8.2%, which is lower than the state unemployment rate of 9.1%.
- Inflationary trends in the region approximate the national indices.
- During the current fiscal year, fund balance of the General Fund decreased to \$4,497,360.
- 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 2012, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.

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

All of these factors were considered in preparing the Town's budget for fiscal year 2012.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,643,485
Investments	1,042,049
Receivables:	
Property taxes receivable, net of allowance for doubtful accounts of \$48,000	287,086
Interest receivable, net of allowance for doubtful accounts of \$46,000	152,000
Assessments and user charges receivable	138,071
Grants and contracts receivable	406,640
Other receivables	59,014
Prepaid items and other assets	35,913
Grant and contracts receivable, long-term portion	344,191
Capital assets:	
Non-depreciable	6,142,470
Depreciable, net	48,124,931
Total assets	64,375,850
 LIABILITIES	
Accounts payable	925,317
Accrued liabilities:	
Salaries and benefits payable	69,527
Accrued interest	215,116
Other accrued liabilities	179,701
Unearned revenue	471,438
Noncurrent liabilities:	
Due within one year	2,040,063
Due in more than one year	16,537,396
Total liabilities	20,438,558
 NET ASSETS	
Invested in capital assets, net of related debt	38,972,295
Restricted for:	
Library:	
Expendable	392,790
Nonexpendable	75,000
Unrestricted	4,497,207
Total net assets	\$ 43,937,292

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

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
General government	\$ 2,671,986	\$ 480,114	\$ 146,668	\$ -	\$ (2,045,204)
Public safety	1,710,710	263,266	46,158	56,417	(1,344,869)
Public works	1,647,722	-	188,069	326,281	(1,133,372)
Sanitation	829,323	349,593	-	212,177	(267,553)
Health and social services	175,649	79,088	-	-	(96,561)
Library	497,825	43,382	43,584	-	(410,859)
Culture and recreation	173,635	93,611	-	199,999	119,975
Education	23,864,113	444,099	9,034,353	-	(14,385,661)
Interest and fiscal charges	679,951	-	-	-	(679,951)
Total governmental activities	\$ 32,250,914	\$ 1,753,153	\$ 9,458,832	\$ 794,874	\$ (20,244,055)
General revenues:					
Property taxes, levied for general purposes					17,172,881
Grants and contributions not restricted to specific programs					2,799,849
Unrestricted investment earnings					205,679
Total general revenues					20,178,409
Special item - loss on transfer of capital assets					(65,646)
Change in net assets before special item					2,215,750
Change in net assets					(2,281,396)
Net assets - beginning					46,218,688
Net assets - ending					\$ 43,937,292

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

TOWN OF SOMERS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Sewer Maintenance Fund</u>	<u>Water Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,407,159	\$ 360,087	\$ 262,916	\$ 1,613,323	\$ 7,643,485
Investments	-	-	-	1,042,049	1,042,049
Receivables:					
Property taxes receivable, net of allowance for doubtful accounts of \$48,000	287,086	-	-	-	287,086
Assessments and user charges receivable	-	57,067	81,004	-	138,071
Grants and contracts receivable	-	-	15,538	65,361	80,899
Accounts receivable	7,423	-	-	40,639	48,062
Note receivable	-	-	10,952	-	10,952
Due from other funds	3,538	79,041	-	458,803	541,382
Prepaid items and other assets	11,077	-	-	-	11,077
Advances to other funds	390,786	-	-	-	390,786
Total assets	<u>\$ 6,107,069</u>	<u>\$ 496,195</u>	<u>\$ 370,410</u>	<u>\$ 3,220,175</u>	<u>\$ 10,193,849</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ 735,744	\$ 3,950	\$ 13,890	\$ 171,733	\$ 925,317
Accrued liabilities:					
Salaries and benefits payable	68,194	1,333	-	-	69,527
Other accrued liabilities	45,209	120,000	-	14,492	179,701
Due to other funds	169,653	-	3,538	368,191	541,382
Deferred revenue	590,909	57,067	81,004	150,814	879,794
Advances from other fund	-	60,900	329,886	-	390,786
Total liabilities	<u>1,609,709</u>	<u>243,250</u>	<u>428,318</u>	<u>705,230</u>	<u>2,986,507</u>
Fund Balances (Deficit):					
Nonspendable:					
Permanent fund principal	-	-	-	75,000	75,000
Advance to other funds	390,786	-	-	-	390,786
Prepaid items	11,077	-	-	-	11,077
Restricted for:					
Library	-	-	-	392,790	392,790
Committed	780,737	252,945	-	2,198,942	3,232,624
Unassigned	3,314,760	-	(57,908)	(151,787)	3,105,065
Total fund balances (deficit)	<u>4,497,360</u>	<u>252,945</u>	<u>(57,908)</u>	<u>2,514,945</u>	<u>7,207,342</u>
Total liabilities and fund balances	<u>\$ 6,107,069</u>	<u>\$ 496,195</u>	<u>\$ 370,410</u>	<u>\$ 3,220,175</u>	<u>\$ 10,193,849</u>

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

**TOWN OF SOMERS, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total fund balances for governmental funds \$ 7,207,342

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

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

Land	\$	5,336,758	
Construction in progress		805,712	
Infrastructure		15,325,016	
Buildings and improvements		60,186,742	
Machinery and equipment		6,302,391	
Less: accumulated depreciation and amortization		(33,689,218)	
Total capital assets, net			54,267,401

School construction grants receivable from the State of Connecticut are not susceptible to accrual, and therefore, are not reported in the governmental funds. 669,932

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

Bond issuance costs		58,000	
Less: accumulated amortization		(33,164)	
Total bond issuance costs, net			24,836

Some of the Town's taxes and assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and, therefore, are reported as deferred revenue in the governmental funds. 408,356

Accrued interest on property taxes, net is not susceptible to accrual and therefore is not reported in the governmental funds. 152,000

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

Long-term debt:			
Bonds payable		(15,215,000)	
Deferred charge on refundings		120,971	
Obligations under capital lease		(225,913)	
Accrued interest payable		(215,116)	
Other long-term liabilities:			
Compensated absences		(1,456,163)	
Landfill postclosure care costs		(196,000)	
Net pension obligation		(22,140)	
Net OPEB obligation		(1,583,214)	
Total long-term liabilities			(18,792,575)

Net assets of governmental activities \$ 43,937,292

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

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Sewer Maintenance Fund	Water Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,058,185	\$ -	\$ -	\$ -	\$ 17,058,185
Assessments and user charges	-	75,447	13,521	-	88,968
Intergovernmental	11,007,761	-	212,176	2,253,110	13,473,047
Charges for services	871,771	-	-	813,503	1,685,274
Investment income	17,129	1,146	3,686	183,718	205,679
Miscellaneous	53,219	6,266	845	67,221	127,551
Total revenues	<u>29,008,065</u>	<u>82,859</u>	<u>230,228</u>	<u>3,317,552</u>	<u>32,638,704</u>
EXPENDITURES					
Current:					
General government	2,448,058	-	-	6,841	2,454,899
Public safety	1,356,595	-	-	84,045	1,440,640
Public works	1,022,892	-	-	187,069	1,209,961
Sanitation	588,395	82,517	226,420	-	897,332
Health and social services	63,872	-	-	98,160	162,032
Library	425,833	-	-	42,414	468,247
Culture and recreation	129,387	-	-	19,631	149,018
Education	20,829,709	-	-	1,914,025	22,743,734
Miscellaneous	-	120,000	-	-	120,000
Debt service:					
Principal payments	2,110,000	-	-	114,578	2,224,578
Interest and fiscal charges	658,871	-	-	9,779	668,650
Capital outlays	-	-	-	1,147,252	1,147,252
Total expenditures	<u>29,633,612</u>	<u>202,517</u>	<u>226,420</u>	<u>3,623,794</u>	<u>33,686,343</u>
Excess (deficiency) of revenues over expenditures	(625,547)	(119,658)	3,808	(306,242)	(1,047,639)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	-	-	-	173,902	173,902
Transfers in	105,000	-	12,000	338,000	455,000
Transfers out	(350,000)	-	-	(105,000)	(455,000)
Total other financing sources (uses)	<u>(245,000)</u>	<u>-</u>	<u>12,000</u>	<u>406,902</u>	<u>173,902</u>
Net change in fund balances (deficit)	(870,547)	(119,658)	15,808	100,660	(873,737)
Fund balances (deficit) - beginning	<u>5,367,907</u>	<u>372,603</u>	<u>(73,716)</u>	<u>2,414,285</u>	<u>8,081,079</u>
Fund balances (deficit) - ending	<u>\$ 4,497,360</u>	<u>\$ 252,945</u>	<u>\$ (57,908)</u>	<u>\$ 2,514,945</u>	<u>\$ 7,207,342</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 (DEFICIT) OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances (deficit) for governmental funds \$ (873,737)

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

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

Expenditures for capital assets	\$ 1,316,294	
Depreciation and amortization expense	<u>(1,768,165)</u>	
Net adjustment		(451,871)

The statement of activities reports losses arising from the disposal of and sale of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the loss on disposal of capital assets. (2,215,750)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt incurred:		
Capital lease financing	(173,902)	
Principal repayments:		
Bonds payable	2,110,000	
Obligations under capital lease	<u>114,578</u>	
Net adjustment		2,050,676

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. 103,469

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 (DEFICIT) OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2011

Intergovernmental revenue and other adjustments on school construction grants are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, adjustments and cash received on school construction grants reduce the grant receivable recognized in the government-wide statement of net assets. \$ (603,904)

Interest on property taxes receivable is not susceptible to accrual and therefore is only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable, net during the year increased revenues recognized in the governmental funds. 47,000

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

Compensated absences	\$ (51,570)	
Accrued interest	18,472	
Amortization of deferred charge on refundings	(24,689)	
Amortization of bond issuance costs	(5,085)	
Landfill postclosure care liability	14,000	
Net pension obligation	955	
Net OPEB obligation	<u>(289,362)</u>	(337,279)
Change in net assets of governmental activities		<u><u>\$ (2,281,396)</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 BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 17,109,981	\$ 17,109,981	\$ 17,058,185	\$ (51,796)
Intergovernmental	9,253,990	9,333,130	8,686,334	(646,796)
Charges for services	722,885	787,353	924,990	137,637
Investment earnings	175,000	175,000	17,129	(157,871)
Total revenues	<u>27,261,856</u>	<u>27,405,464</u>	<u>26,686,638</u>	<u>(718,826)</u>
EXPENDITURES				
Current:				
General government	2,375,825	2,428,476	2,409,396	(19,080)
Public safety	1,239,507	1,356,595	1,356,595	-
Public works	1,035,047	1,050,338	1,022,892	(27,446)
Sanitation	643,459	614,969	588,395	(26,574)
Health and social services	77,001	63,872	63,872	-
Library	417,554	431,654	425,833	(5,821)
Culture and recreation	195,910	195,306	129,387	(65,919)
Education	19,201,117	19,354,979	18,508,282	(846,697)
Miscellaneous	68,304	43,004	38,662	(4,342)
Debt service:				
Principal payments	2,110,000	2,110,000	2,110,000	-
Interest and fiscal charges	658,870	658,871	658,871	-
Total expenditures	<u>28,022,594</u>	<u>28,308,064</u>	<u>27,312,185</u>	<u>(995,879)</u>
Deficiency of revenues over expenditures	(760,738)	(902,600)	(625,547)	277,053
OTHER FINANCING SOURCES (USES)				
Transfers in	105,000	105,000	105,000	-
Transfers out	(296,000)	(350,000)	(350,000)	-
Use of fund balance	951,738	1,147,600	-	(1,147,600)
Total other financing sources (uses)	<u>760,738</u>	<u>902,600</u>	<u>(245,000)</u>	<u>(1,147,600)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(870,547)	<u>\$ (870,547)</u>
Fund balance - beginning			<u>5,307,007</u>	
Fund balance - ending			<u>\$ 4,436,460</u>	

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

TOWN OF SOMERS, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Pension Trust Funds	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	\$ 393,406	\$ 328,774
Investments:		
U.S. Government and Agency securities	11,031	-
Corporate bonds	157,137	-
Mutual funds	2,965,628	-
Equity securities	1,008,865	-
Contributions receivable	222,307	-
Total assets	<hr/> <u>4,758,374</u>	<hr/> <u>\$ 328,774</u>
 LIABILITIES		
Due to others	<hr/> -	<hr/> <u>\$ 328,774</u>
 NET ASSETS		
Held in trust for pension benefits	<hr/> <u>\$ 4,758,374</u>	

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

**TOWN OF SOMERS, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 425,373
Plan members	77,755
Total contributions	<u>503,128</u>
Investment earnings:	
Interest and dividends	34,624
Net appreciation in the fair value of investments, net of investment fees	857,551
Total investment earnings, net	<u>892,175</u>
Total additions	<u>1,395,303</u>
 DEDUCTIONS	
Benefit payments	189,949
Administrative expenses	10,862
Total deductions	<u>200,811</u>
Change in net assets	1,194,492
Net assets - beginning	<u>3,563,882</u>
Net assets - ending	<u><u>\$ 4,758,374</u></u>

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. *Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

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

The Town reports the following major governmental funds:

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.

Sewer Maintenance Fund - This fund is used to account for collection of user and assessment charges related to the cost of sewer construction and maintenance.

Water Fund - This fund is used to account for the revenues and expenditures of the Town's water distribution operations.

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

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

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements, except for agency funds which have no measurement focus, are prepared 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.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased.

Investments

The Town presents all investments at fair value, except for money market investments, which are reported at amortized cost.

The fair value of investments traded on public markets is determined using quoted market prices. The Town invests in the State Treasurer's Short-Term Investment Fund ("STIF"), which is an investment pool managed by the State Treasurer's Office. In addition, the Town invests in the Cooperative Liquid Assets Security Systems Fund ("CLASS"), which is an investment pool managed by Cutwater Asset Management. The fair value of the Town's position in these pools is the same as the value of the pool shares.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Donor-restricted Endowments

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

Property Taxes and Assessments

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. Based on historical collection experience and other factors, the Town has established an allowance for doubtful accounts of \$48,000 as of June 30, 2011.

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

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for infrastructure assets and more than \$2,000 for all other assets. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Unearned/Deferred Revenue

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

Compensated Absences

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

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs in the year the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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

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

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

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Fund Equity (Continued)

During the year ended June 30, 2011, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established criteria for classifying fund balances into specifically defined classifications for all governments that report governmental funds. The Town's governmental funds report the following fund balance categories:

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

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

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

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

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

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

INTERFUND ACTIVITIES

Interfund Receivables and Payables

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

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND ACTIVITIES (Continued)

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

USE OF ESTIMATES

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

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

BUDGETARY INFORMATION

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

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a public budget hearing, at which taxpayer comments are obtained. The Board of Finance then prepares the recommended Town budget, which it presents at the annual Town meeting. The operating budget includes proposed expenditures and the means of financing them.
- Expenditures are budgeted by function, department and object. Management may not exceed appropriations at the object level and must seek approval from the Board of Finance to reassign resources within a department, except for the Board of Education. The Board of Education may reassign resources within its department without seeking Board of Finance approval. The legal level of budget control is the department level for the Board of Education and the object level for all other departments. A separately issued budgetary report demonstrating legal compliance with the adopted budget is available from the Town. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects. Additional appropriations of less than \$20,000 must be approved by the Board of Finance. Appropriations in excess of \$20,000 must be approved at a Town meeting. During the year, the Board of Finance and, where required, Town meetings, approved additional appropriations from fund balance of \$195,862.
- Formal budgetary integration is employed as a management control device during the year.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

BUDGETARY INFORMATION (Continued)

- The budget is prepared on the modified accrual basis of accounting. Intergovernmental revenues and other reimbursement for certain special education costs are recorded as reductions to expenditures for budgetary purposes and "on behalf" payments made by the State of Connecticut into the State Teacher's Retirement System are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.

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

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2011:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing (Uses) Sources, net</u>	<u>Change in Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 26,686,638	\$ 27,312,185	\$ (245,000)	\$ (870,547)	\$ 4,436,460
"On-behalf" payments - State Teachers Retirement Fund	1,635,823	1,635,823	-	-	-
Reimbursement for certain special education and other costs recorded as a reduction to expenditures for budgetary purposes	685,604	685,604	-	-	-
Transfer out for budgetary purposes recorded as an advance to other fund for GAAP purposes	-	-	-	-	60,900
GAAP basis	<u>\$ 29,008,065</u>	<u>\$ 29,633,612</u>	<u>\$ (245,000)</u>	<u>\$ (870,547)</u>	<u>\$ 4,497,360</u>

DEFICIT FUND EQUITY

The Water Fund has a deficit fund balance as of June 30, 2011 of \$57,908, which does not constitute a violation of statutory provisions. The deficit arose due to insufficient assessment collections to fund the water project bond principal and interest payments being paid by the General Fund. The Town plans to fund the deficit through future assessment collections and user fees.

The School Construction Fund has a deficit fund balance as of June 30, 2011 of \$133,912, which does not constitute a violation of statutory provisions. The deficit arose due to insufficient advances made from the General Fund to fund project expenditures. The Town intends to fund the deficit through future grant reimbursements from the State of Connecticut, Department of Education.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

DEFICIT FUND EQUITY (Continued)

The Dog Fund has a deficit fund balance as of June 30, 2011 of \$8,950, which does not constitute a violation of statutory provisions. The deficit arose due to insufficient collection of fees to fund program expenditures. The Town intends to fund the deficit through future revenues derived from the operations of the Dog Fund and/or transfers from the General Fund.

The Historic Preservation Fund has a deficit fund balance as of June 30, 2011 of \$8,925, which does not constitute a violation of statutory provisions. The deficit arose due to insufficient grant revenue to fund program expenditures. The Town intends to fund the deficit through future grant proceeds from the Connecticut State Library and/or transfers from the General Fund.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut General Statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2011, the carrying amount of the Town's cash deposits was \$1,620,898. As of June 30, 2011, \$1,702,269 of the Town's bank balance of \$2,432,927 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,532,042
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	170,227
	<u>\$ 1,702,269</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, 2011 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 7,643,485
Less: cash equivalents considered investments for disclosure purposes	6,351,361
	<u>1,292,124</u>
Statement of fiduciary net assets:	
Cash and cash equivalents	722,180
Less: cash equivalents considered investments for disclosure purposes	393,406
	<u>328,774</u>
	<u>\$ 1,620,898</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2011, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
Cooperative Liquid Assets Security Systems Fund (CLASS)	\$ 1,608,480	\$ 1,608,480	\$ -	\$ -	\$ -
Corporate bonds	274,674	7,111	53,576	89,092	124,896
Money market mutual funds	1,153,863	1,153,863	-	-	-
Short Term Investment Fund (STIF)	3,982,424	3,982,424	-	-	-
U.S. Government and Agency securities	35,166	-	35,166	-	-
	<u>7,054,607</u>	<u>\$ 6,751,878</u>	<u>\$ 88,742</u>	<u>\$ 89,092</u>	<u>\$ 124,896</u>
Other investments:					
Equity securities	1,282,009				
Mutual funds	3,592,861				
	<u>4,874,870</u>				
Total	<u>\$ 11,929,477</u>				

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

A reconciliation of the Town's investments as of June 30, 2011 is as follows:

Investments	\$ 1,042,049
Add: cash equivalents considered investments for disclosure purposes	<u>6,351,361</u>
	<u>7,393,410</u>
Statement of fiduciary net assets:	
Investments	4,142,661
Add: cash equivalents considered investments for disclosure purposes	<u>393,406</u>
	<u>4,536,067</u>
	<u>\$ 11,929,477</u>

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk

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

The Town's investments in debt securities were rated as follows at June 30, 2011:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Cooperative Liquid Asset Security System (CLASS)	\$ 1,608,480	\$ 1,608,480	\$ -	\$ -	\$ -	\$ -
Corporate bonds	274,674	-	25,580	234,643	14,451	-
Money market mutual funds	1,153,863	-	-	-	-	1,153,863
Short Term Investment Fund (STIF)	3,982,424	3,982,424	-	-	-	-
U.S. Agency securities	11,031	11,031	-	-	-	-
	<u>\$ 7,030,472</u>	<u>\$ 5,601,935</u>	<u>\$ 25,580</u>	<u>\$ 234,643</u>	<u>\$ 14,451</u>	<u>\$ 1,153,863</u>

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments were not exposed to custodial credit risk as of June 30, 2011. The Town does not have a policy for custodial credit risk.

Concentrations of Credit Risk

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 5,336,758	\$ -	\$ -	\$ -	\$ 5,336,758
Construction in progress	4,556,182	646,180	-	(4,396,650)	805,712
Total capital assets, not being depreciated	<u>9,892,940</u>	<u>646,180</u>	<u>-</u>	<u>(4,396,650)</u>	<u>6,142,470</u>
Capital assets, being depreciated:					
Buildings and improvements	55,790,092	-	-	4,396,650	60,186,742
Machinery and equipment	5,844,454	457,937	-	-	6,302,391
Infrastructure	17,328,589	212,177	(3,288,363)	-	14,252,403
Total capital assets, being depreciated	<u>78,963,135</u>	<u>670,114</u>	<u>(3,288,363)</u>	<u>4,396,650</u>	<u>80,741,536</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	(19,711,600)	(1,079,649)	-	-	(20,791,249)
Machinery and equipment	(4,283,704)	(354,649)	-	-	(4,638,353)
Infrastructure	(7,925,749)	(333,867)	1,072,613	-	(7,187,003)
Total accumulated depreciation and amortization	<u>(31,921,053)</u>	<u>(1,768,165)</u>	<u>1,072,613</u>	<u>-</u>	<u>(32,616,605)</u>
Total capital assets, being depreciated, net	<u>47,042,082</u>	<u>(1,098,051)</u>	<u>(2,215,750)</u>	<u>4,396,650</u>	<u>48,124,931</u>
Governmental activities capital assets, net	<u>\$ 56,935,022</u>	<u>\$ (451,871)</u>	<u>\$ (2,215,750)</u>	<u>\$ -</u>	<u>\$ 54,267,401</u>

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

Governmental Activities:	
General government	\$ 82,600
Public safety	262,350
Public works	380,920
Sanitation	161,060
Health and social services	9,690
Library	26,070
Culture and recreation	17,460
Education	828,015
Total depreciation and amortization expense - governmental activities	<u>\$ 1,768,165</u>

NOTE 5 - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 251,077	\$ -
Advance collection of property taxes	-	313,152
Delinquent assessments and user charges receivable	157,279	-
Grants drawdown prior to meeting eligibility requirements	-	158,286
Total deferred/unearned revenue for governmental funds	<u>\$ 408,356</u>	<u>\$ 471,438</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Water Fund	\$ 333,424
	Sewer Maintenance Fund	60,900
		<u>394,324</u>
Sewer Maintenance Fund	General Fund	79,041
Other Governmental Funds	General Fund	90,612
	Other Governmental Funds	368,191
		<u>458,803</u>
		<u><u>\$ 932,168</u></u>

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

The General Fund advanced funds to the Water Fund to fund water project bond principal and interest payments prior to assessment collections being received by the Water Fund. Currently, the Water Fund transfers amounts to the General Fund to reimburse the General Fund for debt service paid on general obligation bonds issued for the water project. The General Fund also advanced funds to the Sewer Maintenance Fund to fund sewer project costs prior to assessment collections being received by the Sewer Maintenance Fund. The Town intends to liquidate the amounts due to the General Fund through future water and sewer assessment collections and user fees. However, it is anticipated that \$329,886 and \$60,900 due to the General Fund from the Water Fund and Sewer Maintenance Fund, respectively, will not be repaid within one year, and therefore, the balances due have been presented as advances to/from other funds in the accompanying governmental funds balance sheet.

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 105,000
Water Fund	General Fund	\$ 12,000
Other Governmental Funds	General Fund	\$ 338,000

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 17,325,000	\$ -	\$ (2,110,000)	\$ 15,215,000	\$ 1,620,000
Unamortized amounts:					
Deferred charge on refundings	(145,660)	-	24,689	(120,971)	-
	<u>17,179,340</u>	<u>-</u>	<u>(2,085,311)</u>	<u>15,094,029</u>	<u>1,620,000</u>
Other liabilities:					
Capital leases	166,589	173,902	(114,578)	225,913	91,363
Compensated absences	1,404,593	135,985	(84,415)	1,456,163	314,700
Landfill post-closure care liability	210,000	-	(14,000)	196,000	14,000
Net pension obligation (see Note 10)	23,095	-	(955)	22,140	-
Net OPEB obligation (see Note 11)	1,293,852	289,362	-	1,583,214	-
	<u>\$ 20,277,469</u>	<u>\$ 599,249</u>	<u>\$ (2,299,259)</u>	<u>\$ 18,577,459</u>	<u>\$ 2,040,063</u>

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

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of principal and interest reimbursement for the year ended June 30, 2011 was \$603,904 and \$30,114, respectively. Additional reimbursements of principal and interest in the amounts of \$669,932 and \$26,925, respectively, are expected to be received through the applicable bonds' maturity dates.

DEBT REFUNDING

Prior Year Debt Defeasances

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2011 is as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities			
School bonds issued 1993, original amount \$5,000,000	11/2013	4.10% - 5.60%	\$ 760,000
General obligation refunding bonds issued 2002, original amount \$6,375,000	8/2013	3.00% - 5.00%	490,000
General obligation bonds issued 2004, original amount \$5,100,000	11/2024	3.25% - 4.25%	3,930,000
General obligation refunding bonds issued 2005, original amount \$5,700,000	7/2020	3.77%	4,015,000
General obligation bonds issued 2007, original amount \$7,100,000	8/2027	4.00% - 5.00%	6,020,000
			<u>\$ 15,215,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2011:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,620,000	\$ 581,382	\$ 2,201,382
2013	1,365,000	520,026	1,885,026
2014	1,375,000	463,086	1,838,086
2015	1,065,000	414,589	1,479,589
2016	1,060,000	372,801	1,432,801
2017-2021	5,190,000	1,238,704	6,428,704
2022-2026	2,870,000	414,251	3,284,251
2027-2028	670,000	28,391	698,391
	<u>\$ 15,215,000</u>	<u>\$ 4,033,230</u>	<u>\$ 19,248,230</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets under capital lease as of June 30, 2011 is as follows:

	Governmental Activities
Machinery and equipment	\$ 1,306,147
Less: accumulated amortization	1,022,588
	\$ 283,559

Amortization expense relative to leased property under capital leases as of June 30, 2011 totaled \$88,446 for the year ended June 30, 2011 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

	Governmental Activities
Year ending June 30:	
2012	\$ 98,426
2013	67,964
2014	36,345
2015	36,346
Total minimum lease payments	239,081
Less: amount representing interest	13,168
Present value of minimum lease payments	\$ 225,913

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 14 years are estimated to be \$196,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 9 - FUND BALANCE

The Town has committed fund balance as of June 30, 2011 for the following purposes:

General government	\$ 9,853
Public works	39,820
Education	72,565
Public safety	327,477
Health and human services	11,546
Cemetery	605,700
Culture and recreation	81,841
Library	15,701
Sanitation	252,945
Other post-employment benefits	780,737
Capital purposes	1,034,439
	\$ 3,232,624

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS

DEFINED BENEFIT PLANS

Plan Description

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

Summary of Significant Accounting Policies

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

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

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

Plan Membership

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

	Town Plan	Board of Education Plan	Firefighters' Plan
Retirees and beneficiaries receiving benefits	1	21	6
Terminated plan members entitled to but not yet receiving benefits	4	5	26
Active plan members	25	53	35
	<u>30</u>	<u>79</u>	<u>67</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Benefit Provisions

Town Plan

All Town employees who are not governed by a collective bargaining agreement, under which retirement benefits were the subject of good faith bargaining, are eligible to participate in the plan. Benefits vest after 7 years of service with partial vesting beginning after 3 years of service. Normal retirement date is the participant's 62nd 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 15 years for non-union and 18 years for union). 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. Non-union participants contribute 1% and union participants contribute 2% of their annual earnings.

Board of Education Plan

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

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

Volunteer Firefighters' Plan

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

Other Plan Provisions

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

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

The Volunteer Firefighters Plan does not provide disability benefits.

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Funding Policy

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

For the year ended June 30, 2011, employer contributions to the Town Plan represented approximately 16.5% of covered payroll.

For the year ended June 30, 2011, employer contributions to the Board of Education Plan represented approximately 13.2% of covered payroll.

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Town Plan						
July 1, 2010	\$ 1,167,595	\$ 1,733,314	\$ 565,719	67.4%	\$ 1,126,682	50.2%
Board of Education Plan						
July 1, 2011	\$ 2,774,740	\$ 3,502,763	\$ 728,023	79.2%	\$ 1,678,115	43.4%
Firefighters' Plan						
July 1, 2010	\$ 161,742	\$ 241,244	\$ 79,502	67.0%	Not applicable	Not applicable

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

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Concentrations

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

Additional Information and Actuarial Assumptions

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

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

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Town Plan			
2009	\$ 157,882	98.73%	\$ 32,912
2010	156,134	121.09%	(22)
2011	185,971	99.99%	-
Board of Education Plan			
2009	\$ 200,162	100.00%	\$ (3,828)
2010	271,307	100.00%	(3,828)
2011	226,289	98.31%	-
Firefighters' Plan			
2009	\$ 16,600	91.45%	\$ 23,259
2010	14,691	74.91%	26,945
2011	12,158	139.52%	22,140

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan			
2006	\$ 161,542	\$ 144,106	89%
2007	175,414	148,000	84%
2008	147,704	285,981	194%
2009	155,873	155,873	100%
2010	162,068	189,068	117%
2011	185,949	185,949	100%
Board of Education Plan			
2006	\$ 151,105	\$ 154,830	102%
2007	145,921	145,921	100%
2008	170,777	174,605	102%
2009	200,162	200,162	100%
2010	271,307	271,307	100%
2011	222,461	222,461	100%
Firefighters' Plan			
2006	\$ 13,382	\$ 11,000	82%
2007	13,382	13,000	97%
2008	10,618	10,618	100%
2009	15,180	15,180	100%
2010	15,810	11,005	70%
2011	12,158	16,963	140%

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

	Town Plan	Board of Education Plan	Firefighters' Plan
Annual required contribution	\$ 185,949	\$ 222,461	\$ 12,158
Interest on net pension obligation	-	-	-
Adjustment to annual required contribution	22	3,828	-
Annual pension cost	185,971	226,289	12,158
Contributions made	185,949	222,461	16,963
(Decrease) increase in net pension obligation	22	3,828	(4,805)
Net pension obligation (asset), beginning of year	(22)	(3,828)	26,945
Net pension obligation (asset), end of year	\$ -	\$ -	\$ 22,140

Plan Financial Statements

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
JUNE 30, 2011

	Town Employees' Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ASSETS				
Cash and cash equivalents	\$ 371,302	\$ -	\$ 22,104	\$ 393,406
Investments:				
U.S. Government and Agency securities	11,031	-	-	11,031
Corporate bonds	157,137	-	-	157,137
Mutual funds	-	2,774,740	190,888	2,965,628
Equity securities	1,008,865	-	-	1,008,865
Contributions receivable	-	222,307	-	222,307
Total assets	1,548,335	2,997,047	212,992	4,758,374
NET ASSETS				
Held in trust for pension benefits	\$ 1,548,335	\$ 2,997,047	\$ 212,992	\$ 4,758,374

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Financial Statements (Continued)

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 185,949	\$ 222,461	\$ 16,963	\$ 425,373
Plan members	15,005	62,750	-	77,755
Total contributions	<u>200,954</u>	<u>285,211</u>	<u>16,963</u>	<u>503,128</u>
Investment earnings:				
Interest and dividends	28,622	-	6,002	34,624
Net appreciation in the fair value of investments, net of investment fees	208,693	611,624	37,234	857,551
Total investment earnings, net	<u>237,315</u>	<u>611,624</u>	<u>43,236</u>	<u>892,175</u>
Total additions	<u>438,269</u>	<u>896,835</u>	<u>60,199</u>	<u>1,395,303</u>
DEDUCTIONS				
Benefit payments	57,529	123,471	8,949	189,949
Administrative expenses	-	10,862	-	10,862
Total deductions	<u>57,529</u>	<u>134,333</u>	<u>8,949</u>	<u>200,811</u>
Change in net assets	380,740	762,502	51,250	1,194,492
Net Assets Held in Trust for Pension Benefits:				
Beginning	<u>1,167,595</u>	<u>2,234,545</u>	<u>161,742</u>	<u>3,563,882</u>
Ending	<u>\$ 1,548,335</u>	<u>\$ 2,997,047</u>	<u>\$ 212,992</u>	<u>\$ 4,758,374</u>

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (Continued)

TEACHERS' RETIREMENT SYSTEM

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

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual town basis. For the year ended June 30, 2011, Town teachers contributed \$745,894 to the plan and covered payroll for the year was \$10,288,193.

The Town has reported "on behalf" payments of \$1,635,823 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances (deficit) of governmental funds.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Town and Board of Education Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Annual required contribution	\$ 441,692
Interest on net OPEB obligation	45,285
Adjustment to annual required contribution	<u>(67,954)</u>
Annual OPEB cost	419,023
Contributions made	<u>129,661</u>
Increase in net OPEB obligation	289,362
Net OPEB obligation, beginning of year	<u>1,293,852</u>
Net OPEB obligation, end of year	<u><u>\$ 1,583,214</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011, 2010 and 2009 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 419,023	30.9%	\$ 1,583,214
2010	816,918	21.6%	1,293,852
2009	817,500	20.1%	653,587

Funded Status and Funding Progress

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

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

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

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

NOTE 12 - SPECIAL ITEM

During the year ended June 30, 2011, the Town transferred ownership of its Somersville water distribution system (the "system") to a private Corporation in accordance with an agreement entered into by the Town with the private Corporation in 1988. The transaction resulted in a non-cash loss of \$2,215,750 resulting from the write-off of the net book value of the system. The Town has recorded the loss as a special item in the accompanying statement of activities.

TOWN OF SOMERS, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 13 - RISK MANAGEMENT

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

NOTE 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.

NOTE 15 - DEFERRED COMPENSATION PLAN

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is not required to make contributions to this plan. In addition, the Town offers its full-time firefighters a separate deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under terms of the plan, the Town is required to contribute 6.0% of a participant's base wages in addition to accumulated sick time earned up to five days. Total contributions made by the Town for the year ended June 30, 2011 totaled \$14,332. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**TOWN OF SOMERS, CONNECTICUT
SCHEDULES OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2011**

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan			
2009	\$ 155,873	\$ 155,873	100%
2010	162,068	189,068	117%
2011	185,949	185,949	100%
Board of Education Plan			
2009	\$ 200,162	\$ 200,162	100%
2010	271,307	271,307	100%
2011	222,461	222,461	100%
Firefighters' Plan			
2009	\$ 15,180	\$ 15,180	100%
2010	15,810	11,005	70%
2011	12,158	16,963	140%
Town and Board of Education OPEB Plan			
2009	\$ 817,500	\$ 163,913	20%
2010	828,369	176,653	21%
2011	441,692	129,661	29%

**TOWN OF SOMERS, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Town Plan*						
July 1, 2010	\$ 1,167,595	\$ 1,733,314	\$ 565,719	67.4%	\$ 1,126,682	50.2%
July 1, 2008	998,472	1,436,982	438,510	69.5%	1,073,981	40.8%
Board of Education Plan*						
July 1, 2011	\$ 2,774,740	\$ 3,502,763	\$ 728,023	79.2%	\$ 1,678,115	43.4%
July 1, 2009	1,795,632	3,098,451	1,302,819	58.0%	1,777,388	73.3%
July 1, 2008	2,216,930	2,854,225	637,295	77.7%	1,466,901	43.4%
Firefighters' Plan*						
July 1, 2010	\$ 161,742	\$ 241,244	\$ 79,502	67.0%	Not applicable	Not applicable
July 1, 2008	174,801	251,838	77,037	69.4%	Not applicable	Not applicable
Town and Board of Education OPEB Plan*						
July 1, 2010	\$ -	\$ 5,795,161	\$ 5,795,161	0.0%	\$ 11,290,000	51.3%
July 1, 2009	-	9,324,241	9,324,241	0.0%	12,766,882	73.0%
July 1, 2008	-	9,794,337	9,794,337	0.0%	12,558,082	78.0%

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

Combining and Individual Fund Statements and Schedules

*Governmental
Funds*

General Fund

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
PROPERTY TAXES				
Revenues from property taxes	\$ 17,044,981	\$ 17,044,981	\$ 16,972,513	\$ (72,468)
Interest and lien fees	65,000	65,000	85,672	20,672
Total property taxes	<u>17,109,981</u>	<u>17,109,981</u>	<u>17,058,185</u>	<u>(51,796)</u>
INTERGOVERNMENTAL				
Education and transportation	6,069,787	6,069,787	5,194,651	(875,136)
In lieu of tax, state property	1,323,919	1,380,169	1,401,594	21,425
Pequot Indian fund	1,045,761	1,045,761	1,229,716	183,955
School building grants	612,218	612,218	634,019	21,801
Local capital improvement program	83,980	83,980	-	(83,980)
Property tax relief	55,100	55,100	152,424	97,324
Miscellaneous grants	33,250	56,140	58,336	2,196
Telephone tax	29,975	29,975	15,594	(14,381)
Total intergovernmental	<u>9,253,990</u>	<u>9,333,130</u>	<u>8,686,334</u>	<u>(646,796)</u>
CHARGES FOR SERVICES				
Building permits	120,000	120,000	106,316	(13,684)
Bulky waste	100,000	100,000	79,495	(20,505)
Conveyance tax	80,000	80,000	57,412	(22,588)
Town clerk fees	75,000	75,000	71,091	(3,909)
Recreation, self-supporting	70,000	70,000	21,271	(48,729)
Cell tower	55,000	55,000	68,900	13,900
Teachers' retirement	45,000	45,000	-	(45,000)
Transfer station permit fee	40,000	40,000	53,440	13,440
Other revenue	35,000	99,468	195,885	96,417
Police services	20,000	20,000	5,632	(14,368)
Sanitarian	14,800	14,800	17,240	2,440
Other licenses and permits	13,000	13,000	12,512	(488)
Zoning permits	10,000	10,000	(90)	(10,090)
Maple Ridge sewer assessment	9,835	9,835	-	(9,835)
Brush and wood	8,000	8,000	8,359	359
Planning commission	6,000	6,000	2,980	(3,020)
Sewer plant supervisor	6,000	6,000	-	(6,000)
Generator rebate	5,000	5,000	934	(4,066)
Conservation commission	4,000	4,000	2,460	(1,540)
Fire Marshall fees	3,000	3,000	6,705	3,705
Mini bus donations	2,000	2,000	4,002	2,002
Zoning commission	1,000	1,000	8,990	7,990
Zoning board of appeals	250	250	-	(250)
Sale of Town property	-	-	85,760	85,760
Recycling	-	-	59,207	59,207
Tuition	-	-	27,888	27,888
Summer camp	-	-	26,883	26,883
Fire watch services	-	-	1,718	1,718
Total charges for services	<u>722,885</u>	<u>787,353</u>	<u>924,990</u>	<u>137,637</u>
INVESTMENT EARNINGS	<u>175,000</u>	<u>175,000</u>	<u>17,129</u>	<u>(157,871)</u>
Total revenues	<u>27,261,856</u>	<u>27,405,464</u>	<u>26,686,638</u>	<u>(718,826)</u>
OTHER FINANCING SOURCES				
Operating transfers in:				
Ambulance fund	105,000	105,000	105,000	-
Use of fund balance	951,738	1,147,600	-	(1,147,600)
Total other financing sources	<u>1,056,738</u>	<u>1,252,600</u>	<u>105,000</u>	<u>(1,147,600)</u>
Total revenues and other financing sources	<u>\$ 28,318,594</u>	<u>\$ 28,658,064</u>	<u>\$ 26,791,638</u>	<u>\$ (1,866,426)</u>

TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT		-		
Board of Selectmen	\$ 1,785,066	\$ 1,842,506	\$ 1,834,957	\$ (7,549)
Treasurer	129,287	132,680	132,679	(1)
Town Clerk	109,682	111,322	109,607	(1,715)
Board of Assessors	92,276	92,593	90,368	(2,225)
Building Department	91,812	94,807	94,123	(684)
Tax Collector	84,575	86,194	84,490	(1,704)
Board of Finance	44,150	43,240	42,839	(401)
Planning Commission	17,657	8,004	6,672	(1,332)
Zoning Commission	11,670	10,380	9,267	(1,113)
Zoning Board of Appeals	6,200	3,300	2,073	(1,227)
Probate Court	3,000	3,000	2,100	(900)
Board of Assessment Appeals	450	450	221	(229)
Total general government	<u>2,375,825</u>	<u>2,428,476</u>	<u>2,409,396</u>	<u>(19,080)</u>
PUBLIC SAFETY				
Police protection	655,978	682,953	682,953	-
Fire protection	528,244	596,451	596,451	-
Fire marshal	45,285	61,496	61,496	-
Civil preparedness	10,000	15,695	15,695	-
Total public safety	<u>1,239,507</u>	<u>1,356,595</u>	<u>1,356,595</u>	<u>-</u>
PUBLIC WORKS				
Public Works Department	990,922	1,006,658	981,102	(25,556)
Park and recreation maintenance	44,125	43,680	41,790	(1,890)
Total public works	<u>1,035,047</u>	<u>1,050,338</u>	<u>1,022,892</u>	<u>(27,446)</u>
SANITATION				
Transfer station	557,979	534,563	518,724	(15,839)
Water pollution control authority	85,480	80,406	69,671	(10,735)
Total sanitation	<u>643,459</u>	<u>614,969</u>	<u>588,395</u>	<u>(26,574)</u>
HEALTH AND SOCIAL SERVICES				
Ambulance	73,400	60,271	60,271	-
Elderly services	3,601	3,601	3,601	-
Total health and social services	<u>77,001</u>	<u>63,872</u>	<u>63,872</u>	<u>-</u>
LIBRARY	<u>417,554</u>	<u>431,654</u>	<u>425,833</u>	<u>(5,821)</u>
CULTURE AND RECREATION				
Self-support program	115,160	115,160	61,210	(53,950)
Senior services	70,350	74,746	67,293	(7,453)
Recreation commission	10,400	5,400	884	(4,516)
Total culture and recreation	<u>195,910</u>	<u>195,306</u>	<u>129,387</u>	<u>(65,919)</u>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EDUCATION	\$ 19,201,117	\$ 19,354,979	\$ 18,508,282	\$ (846,697)
MISCELLANEOUS				
State licenses	16,000	16,000	11,927	(4,073)
Conservation commission	16,604	16,604	16,335	(269)
Police services	10,000	10,400	10,400	-
Police DUI	4,000	-	-	-
Contingency and other	14,500	-	-	-
27th payroll	7,200	-	-	-
Total miscellaneous	<u>68,304</u>	<u>43,004</u>	<u>38,662</u>	<u>(4,342)</u>
DEBT SERVICE				
Principal	2,110,000	2,110,000	2,110,000	-
Interest and fiscal charges	658,870	658,871	658,871	-
Total debt service	<u>2,768,870</u>	<u>2,768,871</u>	<u>2,768,871</u>	<u>-</u>
Total expenditures	<u>28,022,594</u>	<u>28,308,064</u>	<u>27,312,185</u>	<u>(995,879)</u>
OTHER FINANCING USES				
Operating transfers out:				
Capital equipment fund	296,000	338,000	338,000	-
Water fund	-	12,000	12,000	-
Total other financing uses	<u>296,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 28,318,594</u>	<u>\$ 28,658,064</u>	<u>\$ 27,662,185</u>	<u>\$ (995,879)</u>

**TOWN OF SOMERS, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011**

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections			Total	Balance Uncollected June 30, 2011
			Additions	Deductions			Taxes (Refunds)	Interest	Fees		
2009	\$ -	\$ 17,038,590	\$ 20,419	\$ (58,376)	\$ -	\$ 17,000,633	\$ 16,827,615	\$ 52,420	\$ 2,899	\$ 16,882,934	\$ 173,018
2008	136,467	-	3	(3,595)	-	132,875	84,123	18,095	1,417	103,635	48,752
2007	38,061	-	25	(1,469)	-	36,617	17,213	5,566	203	22,982	19,404
2006	27,213	-	-	(246)	-	26,967	5,302	2,291	111	7,704	21,665
2005	17,812	-	-	(69)	-	17,743	548	454	6	1,008	17,195
2004	15,743	-	-	(68)	-	15,675	(545)	315	6	(224)	16,220
2003	15,485	-	-	-	-	15,485	148	391	6	545	15,337
2002	2,404	-	-	(8)	-	2,396	(221)	7	-	(214)	2,617
2001	1,425	-	256	-	-	1,681	(1,214)	-	-	(1,214)	2,895
2000	2,832	-	-	-	-	2,832	(33)	-	-	(33)	2,865
1999	3,277	-	-	-	-	3,277	(38)	-	-	(38)	3,315
1998	2,928	-	-	-	-	2,928	-	-	-	-	2,928
1997 and prior	14,211	-	-	-	(5,357)	8,854	(21)	-	-	(21)	8,875
	\$ 277,858	\$ 17,038,590	\$ 20,703	\$ (63,831)	\$ (5,357)	\$ 17,267,963	\$ 16,932,877	\$ 79,539	\$ 4,648	\$ 17,017,064	\$ 335,086

**TOWN OF SOMERS, CONNECTICUT
 SCHEDULE OF DEBT LIMITATION
 CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
 FOR THE YEAR ENDED JUNE 30, 2011**

Total cash collections for the year ended						
June 30, 2011:						
Taxes	\$	16,932,877				
Interest and lien fees		<u>84,187</u>				
		<u>17,017,064</u>				
Reimbursement for revenue loss:						
Tax relief for elderly (CGS 12-129d)						
Base	\$	<u>65,511</u>				
		<u><u>17,082,575</u></u>				
Debt limitation:						
2-1/4 times base	\$	38,435,794	\$	-	\$	-
4-1/2 times base		-		76,871,588		-
3-3/4 times base		-		-	64,059,656	-
3-1/4 times base		-		-	-	55,518,369
3 times base		-		-	-	-
						<u>51,247,725</u>
Total debt limitation	\$	<u>38,435,794</u>		<u>76,871,588</u>	<u>64,059,656</u>	<u>55,518,369</u>
Indebtedness:						
Bonds payable		7,008,815		8,206,185		-
Less: school building grants to be provided by State		-		669,932		-
Total indebtedness		<u>7,008,815</u>		<u>7,536,253</u>		<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$	<u>31,426,979</u>		<u>69,335,335</u>	<u>64,059,656</u>	<u>55,518,369</u>
Total capacity of borrowing (7 times base)	\$	119,578,025				
Total present indebtedness		<u>14,545,068</u>				
Margin for additional borrowing	\$	<u><u>105,032,957</u></u>				

Water Fund

**TOWN OF SOMERS, CONNECTICUT
 SCHEDULE OF WATER ASSESSMENTS LEVIED, COLLECTED AND OUTSTANDING
 FOR THE YEAR ENDED JUNE 30, 2011**

	Assessment Collectible July 1, 2010	Current Assessment	Adjusted Assessment Collectible	Collections			Assessment Collectible June 30, 2011
				Assessment	Interest	Fees	Total
Water Assessment	\$ 89,325	\$ 5,200	\$ 94,525	\$ 13,521	\$ 2,500	\$ 236	\$ 16,257
							\$ 81,004

*Sewer
Maintenance
Fund*

**TOWN OF SOMERS, CONNECTICUT
 SCHEDULE OF SEWER ASSESSMENTS AND USER CHARGES LEVIED,
 COLLECTED AND OUTSTANDING
 FOR THE YEAR ENDED JUNE 30, 2011**

	Assessment Collectible July 1, 2010	Current Assessment	Adjusted Assessment Collectible	Collections			Total	Assessment Collectible June 30, 2011
				Assessment	Interest	Fees		
Somersville Assessment	\$ 45,496	\$ -	\$ 45,496	\$ 6,411	\$ 3,182	\$ 144	\$ 9,737	\$ 39,085
Maple Ridge Assessment	3,082	5,000	8,082	798	200	24	1,022	7,284
Total	\$ 48,578	\$ 5,000	\$ 53,578	\$ 7,209	\$ 3,382	\$ 168	\$ 10,759	\$ 46,369
Somersville User Charges	\$ 7,452	\$ 66,058	\$ 73,510	\$ 63,440	\$ 1,922	\$ 480	\$* 65,842	\$ 10,070
Maple Ridge User Charges	951	4,475	5,426	4,798	118	196	5,112	628
Total	\$ 8,403	\$ 70,533	\$ 78,936	\$ 68,238	\$ 2,040	\$ 676	\$ 70,954	\$ 10,698

Combining Statements

PERMANENT FUND

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

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

**TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2011**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund - Library Trust Fund</u>	<u>Total Nonmajor Governmental Funds *</u>
ASSETS				
Cash and cash equivalents	\$ 607,029	\$ 981,325	\$ 24,969	\$ 1,613,323
Investments	599,228	-	442,821	1,042,049
Receivables:				
Grants and contracts receivable	1,961	63,400	-	65,361
Accounts receivable	40,639	-	-	40,639
Due from other funds	155,927	302,876	-	458,803
Total assets	<u>\$ 1,404,784</u>	<u>\$ 1,347,601</u>	<u>\$ 467,790</u>	<u>\$ 3,220,175</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,927	\$ 84,806	\$ -	\$ 171,733
Other accrued liabilities	-	14,492	-	14,492
Due to other funds	38,862	329,329	-	368,191
Deferred revenue	132,367	18,447	-	150,814
Total liabilities	<u>258,156</u>	<u>447,074</u>	<u>-</u>	<u>705,230</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	75,000	75,000
Restricted for:				
Library	-	-	392,790	392,790
Committed	1,164,503	1,034,439	-	2,198,942
Unassigned	(17,875)	(133,912)	-	(151,787)
Total fund balances	<u>1,146,628</u>	<u>900,527</u>	<u>467,790</u>	<u>2,514,945</u>
Total liabilities and fund balances	<u>\$ 1,404,784</u>	<u>\$ 1,347,601</u>	<u>\$ 467,790</u>	<u>\$ 3,220,175</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, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund - Library Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Intergovernmental	\$ 1,670,413	\$ 582,697	\$ -	\$ 2,253,110
Charges for services	788,810	24,693	-	813,503
Investment income	125,848	1,887	55,983	183,718
Miscellaneous	29,476	1,000	36,745	67,221
Total revenues	<u>2,614,547</u>	<u>610,277</u>	<u>92,728</u>	<u>3,317,552</u>
EXPENDITURES				
Current:				
General government	6,841	-	-	6,841
Public safety	84,045	-	-	84,045
Public works	187,069	-	-	187,069
Health and social services	98,160	-	-	98,160
Library	42,334	-	80	42,414
Culture and recreation	19,631	-	-	19,631
Education	1,914,025	-	-	1,914,025
Debt service:				
Principal payments	-	114,578	-	114,578
Interest and fiscal charges	-	9,779	-	9,779
Capital outlays	-	1,147,252	-	1,147,252
Total expenditures	<u>2,352,105</u>	<u>1,271,609</u>	<u>80</u>	<u>3,623,794</u>
Excess (deficiency) of revenues over expenditures	262,442	(661,332)	92,648	(306,242)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	173,902	-	173,902
Transfers in	-	338,000	-	338,000
Transfers out	(105,000)	-	-	(105,000)
Total other financing sources (uses)	<u>(105,000)</u>	<u>511,902</u>	<u>-</u>	<u>406,902</u>
Net change in fund balances	157,442	(149,430)	92,648	100,660
Fund balances - beginning	<u>989,186</u>	<u>1,049,957</u>	<u>375,142</u>	<u>2,414,285</u>
Fund balances - ending	<u>\$ 1,146,628</u>	<u>\$ 900,527</u>	<u>\$ 467,790</u>	<u>\$ 2,514,945</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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Road Maintenance Fund	Educational Grants Fund	School Lunch Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Economic Development Fund
ASSETS							
Cash and cash equivalents	\$ 84,538	\$ 30,410	\$ 70,604	\$ 35,315	\$ -	\$ 11,546	\$ 9,853
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts receivable	-	-	1,961	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	95,746	-	-	-	-	-	-
Total assets	<u>\$ 180,284</u>	<u>\$ 30,410</u>	<u>\$ 72,565</u>	<u>\$ 35,315</u>	<u>\$ -</u>	<u>\$ 11,546</u>	<u>\$ 9,853</u>

LIABILITIES AND FUND BALANCES (DEFICIT)

Liabilities:							
Accounts payable	\$ 60,736	\$ -	\$ -	\$ -	\$ 90	\$ -	\$ -
Due to other funds	-	-	-	27	8,860	-	-
Deferred revenue	79,728	30,410	-	-	-	-	-
Total liabilities	<u>140,464</u>	<u>30,410</u>	<u>-</u>	<u>27</u>	<u>8,950</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Committed	39,820	-	72,565	35,288	-	11,546	9,853
Unassigned	-	-	-	-	(8,950)	-	-
Total fund balances (deficit)	<u>39,820</u>	<u>-</u>	<u>72,565</u>	<u>35,288</u>	<u>(8,950)</u>	<u>11,546</u>	<u>9,853</u>
Total liabilities and fund balances	<u>\$ 180,284</u>	<u>\$ 30,410</u>	<u>\$ 72,565</u>	<u>\$ 35,315</u>	<u>\$ -</u>	<u>\$ 11,546</u>	<u>\$ 9,853</u>

**TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2011**

	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Recreation Commission Fund	Library Fund	Historic Preservation Fund	Land Preservation Fund	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$ 270,758	\$ 11,101	\$ 38,923	\$ 7,071	\$ 18,842	\$ 272	\$ 17,796	\$ 607,029
Investments	-	-	599,228	-	-	-	-	599,228
Receivables:								
Grants and contracts receivable	-	-	-	-	-	-	-	1,961
Accounts receivable	40,639	-	-	-	-	-	-	40,639
Due from other funds	-	-	-	275	-	-	59,906	155,927
Total assets	\$ 311,397	\$ 11,101	\$ 638,151	\$ 7,346	\$ 18,842	\$ 272	\$ 77,702	\$ 1,404,784
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 10,872	\$ 5,380	\$ 120	\$ 801	\$ 8,928	\$ 86,927
Due to other funds	-	-	21,579	-	-	8,396	-	38,862
Deferred revenue	19,208	-	-	-	3,021	-	-	132,367
Total liabilities	19,208	-	32,451	5,380	3,141	9,197	8,928	258,156
Fund Balances (Deficit):								
Committed	292,189	11,101	605,700	1,966	15,701	-	68,774	1,164,503
Unassigned	-	-	-	-	-	(8,925)	-	(17,875)
Total fund balances (deficit)	292,189	11,101	605,700	1,966	15,701	(8,925)	68,774	1,146,628
Total liabilities and fund balances	\$ 311,397	\$ 11,101	\$ 638,151	\$ 7,346	\$ 18,842	\$ 272	\$ 77,702	\$ 1,404,784

**TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Road Maintenance Fund	Educational Grants Fund	School Lunch Fund	Emergency Fund	Dog Fund	Meals on Wheels Fund	Economic Development Fund
REVENUES							
Intergovernmental	\$ 187,069	\$ 1,466,637	\$ 9,868	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	416,211	21,377	10,019	18,389	9,630
Investment income	194	-	374	10	-	3	10
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>187,263</u>	<u>1,466,637</u>	<u>426,453</u>	<u>21,387</u>	<u>10,019</u>	<u>18,392</u>	<u>9,640</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	6,841
Public safety	-	-	-	10,498	11,378	-	-
Public works	187,069	-	-	-	-	-	-
Health and social services	-	-	-	-	-	10,449	-
Library	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Education	-	1,466,637	447,388	-	-	-	-
Total expenditures	<u>187,069</u>	<u>1,466,637</u>	<u>447,388</u>	<u>10,498</u>	<u>11,378</u>	<u>10,449</u>	<u>6,841</u>
Excess (deficiency) of revenues over expenditures	194	-	(20,935)	10,889	(1,359)	7,943	2,799
OTHER FINANCING USES							
Transfers out	-	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-	-
Net change in fund balances	194	-	(20,935)	10,889	(1,359)	7,943	2,799
Fund balances (deficit) - beginning	39,626	-	93,500	24,399	(7,591)	3,603	7,054
Fund balances (deficit) - ending	<u>\$ 39,820</u>	<u>\$ -</u>	<u>\$ 72,565</u>	<u>\$ 35,288</u>	<u>\$ (8,950)</u>	<u>\$ 11,546</u>	<u>\$ 9,853</u>

**TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

	Ambulance Fund	Cultural Commission Fund	Cemetery Working Fund	Recreation Commission Fund	Library Fund	Historic Preservation Fund	Land Preservation Fund	Total Nonmajor Special Revenue Funds
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 3,293	\$ 3,546	\$ -	\$ 1,670,413
Charges for services	217,815	11,302	31,223	1,210	41,495	1,887	8,252	788,810
Investment income	570	21	124,578	23	23	1	41	125,848
Miscellaneous	-	-	29,476	-	-	-	-	29,476
Total revenues	<u>218,385</u>	<u>11,323</u>	<u>185,277</u>	<u>1,233</u>	<u>44,811</u>	<u>5,434</u>	<u>8,293</u>	<u>2,614,547</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	6,841
Public safety	62,169	-	-	-	-	-	-	84,045
Public works	-	-	-	-	-	-	-	187,069
Health and social services	-	-	87,711	-	-	-	-	98,160
Library	-	-	-	-	42,334	-	-	42,334
Culture and recreation	-	5,334	-	8,189	-	6,108	-	19,631
Education	-	-	-	-	-	-	-	1,914,025
Total expenditures	<u>62,169</u>	<u>5,334</u>	<u>87,711</u>	<u>8,189</u>	<u>42,334</u>	<u>6,108</u>	<u>-</u>	<u>2,352,105</u>
Excess (deficiency) of revenues over expenditures	156,216	5,989	97,566	(6,956)	2,477	(674)	8,293	262,442
OTHER FINANCING USES								
Transfers out	(105,000)	-	-	-	-	-	-	(105,000)
Total other financing uses	<u>(105,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,000)</u>
Net change in fund balances	51,216	5,989	97,566	(6,956)	2,477	(674)	8,293	157,442
Fund balances (deficit) - beginning	240,973	5,112	508,134	8,922	13,224	(8,251)	60,481	989,186
Fund balances (deficit) - ending	<u>\$ 292,189</u>	<u>\$ 11,101</u>	<u>\$ 605,700</u>	<u>\$ 1,966</u>	<u>\$ 15,701</u>	<u>\$ (8,925)</u>	<u>\$ 68,774</u>	<u>\$ 1,146,628</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

**TOWN OF SOMERS, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	Capital Projects Fund	Capital Equipment Fund	School Construction Fund	Library Construction Fund	Library Expansion Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and cash equivalents	\$ 269,739	\$ 108,371	\$ -	\$ 199,428	\$ 32,402	\$ 371,385	\$ 981,325
Grants and contracts receivable	63,400	-	-	-	-	-	63,400
Due from other funds	-	302,876	-	-	-	-	302,876
Total assets	<u>\$ 333,139</u>	<u>\$ 411,247</u>	<u>\$ -</u>	<u>\$ 199,428</u>	<u>\$ 32,402</u>	<u>\$ 371,385</u>	<u>\$ 1,347,601</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ 54,481	\$ 29,325	\$ 1,000	\$ -	\$ -	\$ -	\$ 84,806
Other accrued liabilities	14,492	-	-	-	-	-	14,492
Deferred revenue	-	18,447	-	-	-	-	18,447
Due to other funds	141,551	-	132,912	54,866	-	-	329,329
Total liabilities	<u>210,524</u>	<u>47,772</u>	<u>133,912</u>	<u>54,866</u>	<u>-</u>	<u>-</u>	<u>447,074</u>
Fund Balances (Deficit):							
Committed	122,615	363,475	-	144,562	32,402	371,385	1,034,439
Unassigned	-	-	(133,912)	-	-	-	(133,912)
Total fund balances (deficit)	<u>122,615</u>	<u>363,475</u>	<u>(133,912)</u>	<u>144,562</u>	<u>32,402</u>	<u>371,385</u>	<u>900,527</u>
Total liabilities and fund balances	<u>\$ 333,139</u>	<u>\$ 411,247</u>	<u>\$ -</u>	<u>\$ 199,428</u>	<u>\$ 32,402</u>	<u>\$ 371,385</u>	<u>\$ 1,347,601</u>

**TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICIT) -
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Capital Projects Fund	Capital Equipment Fund	School Construction Fund	Library Construction Fund	Library Expansion Fund	Municipal Open Space Fund	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ 582,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,697
Charges for services	-	-	-	-	85	24,608	24,693
Investment income	578	250	-	277	-	782	1,887
Miscellaneous	1,000	-	-	-	-	-	1,000
Total revenues	584,275	250	-	277	85	25,390	610,277
EXPENDITURES							
Debt service:							
Principal payments	-	114,578	-	-	-	-	114,578
Interest and fiscal charges	-	9,779	-	-	-	-	9,779
Capital outlays	654,055	444,654	-	14,243	34,300	-	1,147,252
Total expenditures	654,055	569,011	-	14,243	34,300	-	1,271,609
Excess (deficiency) of revenues over expenditures	(69,780)	(568,761)	-	(13,966)	(34,215)	25,390	(661,332)
OTHER FINANCING SOURCES (USES)							
Proceeds from capital lease	-	173,902	-	-	-	-	173,902
Transfers in	-	338,000	-	-	-	-	338,000
Total other financing sources	-	511,902	-	-	-	-	511,902
Net change in fund balances	(69,780)	(56,859)	-	(13,966)	(34,215)	25,390	(149,430)
Fund balances (deficit) - beginning	192,395	420,334	(133,912)	158,528	66,617	345,995	1,049,957
Fund balances (deficit) - ending	\$ 122,615	\$ 363,475	\$ (133,912)	\$ 144,562	\$ 32,402	\$ 371,385	\$ 900,527

*Fiduciary
Funds*

PENSION TRUST FUNDS AND AGENCY FUNDS

PENSION TRUST FUNDS

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

AGENCY FUNDS

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

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

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

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
JUNE 30, 2011

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Volunteer Firefighters' Incentive Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 371,302	\$ -	\$ 22,104	\$ 393,406
Investments:				
U.S. Government and Agency securities	11,031	-	-	11,031
Corporate bonds	157,137	-	-	157,137
Mutual funds	-	2,774,740	190,888	2,965,628
Equity securities	1,008,865	-	-	1,008,865
Contributions receivable	-	222,307	-	222,307
Total assets	<u>1,548,335</u>	<u>2,997,047</u>	<u>212,992</u>	<u>4,758,374</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 1,548,335</u>	<u>\$ 2,997,047</u>	<u>\$ 212,992</u>	<u>\$ 4,758,374</u>

TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Town Employees' - Plan	Board of Education Employees' Plan	Volunteer Firefighters' Incentive Plan	Total
ADDITIONS				
Contributions:				
Employer	\$ 185,949	\$ 222,461	\$ 16,963	\$ 425,373
Plan members	15,005	62,750	-	77,755
Total contributions	<u>200,954</u>	<u>285,211</u>	<u>16,963</u>	<u>503,128</u>
Investment earnings:				
Interest and dividends	28,622	-	6,002	34,624
Net appreciation in the fair value of investments, net of investment fees	<u>208,693</u>	<u>611,624</u>	<u>37,234</u>	<u>857,551</u>
Total investment earnings, net	<u>237,315</u>	<u>611,624</u>	<u>43,236</u>	<u>892,175</u>
Total additions	<u>438,269</u>	<u>896,835</u>	<u>60,199</u>	<u>1,395,303</u>
DEDUCTIONS				
Benefit payments	57,529	123,471	8,949	189,949
Administrative expenses	-	10,862	-	10,862
Total deductions	<u>57,529</u>	<u>134,333</u>	<u>8,949</u>	<u>200,811</u>
Change in net assets	380,740	762,502	51,250	1,194,492
Net Assets Held in Trust for Pension Benefits:				
Beginning	<u>1,167,595</u>	<u>2,234,545</u>	<u>161,742</u>	<u>3,563,882</u>
Ending	<u>\$ 1,548,335</u>	<u>\$ 2,997,047</u>	<u>\$ 212,992</u>	<u>\$ 4,758,374</u>

**TOWN OF SOMERS, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2011**

	Student Activities Funds	Bond Deposit Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 152,320	\$ 176,454	\$ 328,774
Total assets	\$ 152,320	\$ 176,454	\$ 328,774
 LIABILITIES			
Due to others	\$ 152,320	\$ 176,454	\$ 328,774
Total liabilities	\$ 152,320	\$ 176,454	\$ 328,774

**TOWN OF SOMERS, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Student Activities Funds				
Assets				
Cash and cash equivalents	\$ 154,076	\$ 751,406	\$ 753,162	\$ 152,320
Total assets	<u>\$ 154,076</u>	<u>\$ 751,406</u>	<u>\$ 753,162</u>	<u>\$ 152,320</u>
Liabilities				
Due to others	\$ 154,076	\$ 751,406	\$ 753,162	\$ 152,320
Total liabilities	<u>\$ 154,076</u>	<u>\$ 751,406</u>	<u>\$ 753,162</u>	<u>\$ 152,320</u>
Bond Deposit Fund				
Assets				
Cash and cash equivalents	\$ 55,882	\$ 134,372	\$ 13,800	\$ 176,454
Total assets	<u>\$ 55,882</u>	<u>\$ 134,372</u>	<u>\$ 13,800</u>	<u>\$ 176,454</u>
Liabilities				
Due to others	\$ 55,882	\$ 134,372	\$ 13,800	\$ 176,454
Total liabilities	<u>\$ 55,882</u>	<u>\$ 134,372</u>	<u>\$ 13,800</u>	<u>\$ 176,454</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 209,958	\$ 885,778	\$ 766,962	\$ 328,774
Total assets	<u>\$ 209,958</u>	<u>\$ 885,778</u>	<u>\$ 766,962</u>	<u>\$ 328,774</u>
Liabilities				
Due to others	\$ 209,958	\$ 885,778	\$ 766,962	\$ 328,774
Total liabilities	<u>\$ 209,958</u>	<u>\$ 885,778</u>	<u>\$ 766,962</u>	<u>\$ 328,774</u>

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. 83

Revenue Capacity

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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. 92

Demographic and Economic Information

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These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs. 96

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

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 2,362,212	\$ 2,552,353	\$ 2,608,514	\$ 3,441,569	\$ 2,647,209	\$ 2,850,726	\$ 3,355,461	\$ 2,400,957	\$ 2,671,986
Public safety	1,014,988	990,900	1,118,929	1,153,585	1,265,878	1,477,575	1,511,369	1,572,666	1,710,710
Public works	1,144,690	1,140,797	1,079,095	981,652	1,317,306	1,797,973	1,512,162	1,465,614	1,647,722
Sanitation (1)	755,801	758,320	843,904	913,546	903,235	855,350	941,549	793,200	829,323
Health and social services	112,447	116,502	103,826	114,724	111,926	123,753	79,031	311,741	175,649
Library	362,573	385,217	363,901	383,706	401,716	398,753	459,413	596,090	497,825
Culture and recreation	174,460	145,953	110,676	113,382	118,581	155,661	191,635	450,294	173,635
Education	16,549,186	16,907,825	17,927,491	19,537,153	20,560,330	27,443,607	23,493,123	23,336,796	23,864,113
Interest and fiscal charges	992,500	820,427	879,729	948,729	887,476	985,345	866,922	760,415	679,951
Total governmental activities expenses	23,468,857	23,818,294	25,036,065	27,588,046	28,213,657	36,088,743	32,410,665	31,687,773	32,250,914
Program Revenues (See Table 3)									
Governmental activities:									
Charges for services:									
General government	394,454	450,229	465,318	515,371	592,586	875,576	461,600	427,882	480,114
Public safety	163,644	130,828	135,387	177,044	270,742	253,105	260,037	316,922	263,266
Sanitation (1)	245,888	280,017	293,206	579,378	526,047	346,233	620,878	408,709	349,593
Health and social services	-	-	-	-	-	-	-	65,203	79,088
Culture and recreation	72,182	88,248	91,092	98,666	81,799	106,933	65,084	184,493	136,993
Education	411,738	478,690	553,935	579,755	470,413	475,982	478,530	449,219	444,099
Operating grants and contributions	6,252,304	5,841,301	6,034,438	7,045,047	7,305,431	14,756,945	9,191,247	9,183,208	9,458,832
Capital grants and contributions	1,037,312	605,912	2,686,671	3,487,629	2,348,475	660,135	1,018,766	1,376,142	794,874
Total governmental activities program revenues	8,577,522	7,875,225	10,260,047	12,482,890	11,595,493	17,474,909	12,096,142	12,411,778	12,006,859
Net (Expense)/Revenue									
Governmental activities	(14,891,335)	(15,943,069)	(14,776,018)	(15,105,156)	(16,618,164)	(18,613,834)	(20,314,523)	(19,275,995)	(20,244,055)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes, levied for general purposes	12,449,823	13,253,645	13,975,887	14,696,138	15,488,458	16,021,551	16,648,953	17,000,499	17,172,881
Grants and contributions not restricted to specific programs	2,105,418	2,417,470	2,734,397	3,356,909	3,780,097	3,900,091	4,117,089	2,857,667	2,799,849
Unrestricted investment earnings	134,771	140,951	262,887	401,087	600,706	433,930	58,139	100,159	205,679
Miscellaneous	55,588	89,747	77,324	82,033	-	-	-	-	-
Total governmental activities	14,745,600	15,901,813	17,050,495	18,536,167	19,869,261	20,355,572	20,824,181	19,958,325	20,178,409
Special Items - loss on sale of capital assets									
Governmental activities	-	-	-	-	-	-	-	-	2,215,750
Change in Net Assets									
Governmental activities	\$ (145,735)	\$ (41,256)	\$ 2,274,477	\$ 3,431,011	\$ 3,251,097	\$ 1,741,738	\$ 509,658	\$ 682,330	\$ (2,281,396)

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

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

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

(Modified Accrual Basis of Accounting - Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property taxes	\$ 11,642,702	\$ 12,414,343	\$ 13,148,856	\$ 13,923,620	\$ 14,828,059	\$ 15,478,254	\$ 16,063,571	\$ 16,722,954	\$ 17,017,421	\$ 17,058,185
Assessments and user charges	143,999	110,335	125,110	96,607	363,691	196,213	200,300	88,726	349,170	88,968
Intergovernmental	9,883,802	9,317,154	9,534,724	12,531,236	14,420,750	13,957,041	19,775,405	14,627,317	12,930,223	13,473,047
Charges for services	383,509	408,703	401,317	446,110	473,001	457,398	486,999	1,492,029	1,553,753	1,685,274
Investment income	199,296	135,167	140,951	262,890	401,087	600,706	433,869	58,139	100,159	205,679
Miscellaneous	1,199,049	922,213	1,139,433	1,196,592	1,344,801	1,358,499	1,626,222	344,259	422,446	127,551
Total revenues	23,452,357	23,307,915	24,490,391	28,457,055	31,831,389	32,048,111	38,586,366	33,333,424	32,373,172	32,638,704
Expenditures										
General government	1,797,123	1,982,359	2,251,905	2,225,766	2,041,117	2,092,107	2,452,665	2,353,643	2,370,322	2,454,899
Public safety	814,734	860,531	849,094	954,699	1,054,426	1,152,176	1,311,287	1,231,913	1,314,825	1,440,640
Public works	856,942	880,981	899,530	865,707	994,425	1,088,571	1,089,718	1,107,129	1,109,644	1,209,961
Sanitation	605,641	590,761	609,752	679,002	782,095	824,962	680,408	714,259	671,790	897,332
Health and social services	102,853	102,521	103,947	102,780	102,010	114,300	113,831	68,742	302,112	162,032
Library	301,040	326,732	329,417	339,105	352,409	371,440	366,299	398,098	417,900	468,247
Culture and recreation	108,822	126,810	99,146	93,993	111,326	105,968	137,518	174,799	480,064	149,018
Education	15,244,817	15,737,201	16,342,513	17,139,454	18,485,172	19,281,192	26,539,838	21,837,453	21,885,472	22,743,734
Miscellaneous	156,193	220,792	217,909	254,492	424,465	465,323	390,195	924,141	-	120,000
Debt service:										
Principal payments	1,376,890	1,456,351	1,792,816	1,818,014	1,868,070	1,889,742	2,128,567	2,450,664	2,321,091	2,224,578
Interest and fiscal charges	1,266,090	949,528	847,651	854,216	1,036,292	875,516	903,767	865,591	761,087	668,650
Capital outlays	693,455	835,222	1,210,702	6,444,699	7,426,706	4,496,287	2,130,356	3,779,384	1,118,502	1,147,252
Total expenditures	23,324,600	24,069,789	25,554,382	31,771,927	34,678,513	32,757,584	38,244,449	35,905,816	32,752,809	33,686,343
Excess of revenues over (under) expenditures	127,757	(761,874)	(1,063,991)	(3,314,872)	(2,847,124)	(709,473)	341,917	(2,572,392)	*	(1,047,639)

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

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

**TOWN OF SOMERS, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (Continued)**

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting - Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Issuance of bonds	\$ -	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 7,100,000	\$ -	\$ -	\$ -
Issuance of refunding bonds	6,375,000	-	-	-	5,700,000	-	-	-	-	-
Premium on issuance of bonds	59,213	-	-	-	-	-	5,417	-	-	-
Payment to refunded bond escrow agent	(6,387,233)	-	-	-	(5,642,000)	-	-	-	-	-
Issuance of bond anticipation note	-	-	1,400,000	700,000	-	3,200,000	-	-	-	-
Premium on issuance of bond anticipation note	-	-	20,146	-	-	-	-	-	-	-
Payment of bond anticipation note	-	-	-	(2,100,000)	-	-	(3,200,000)	-	-	-
Capital leases	150,399	84,000	178,630	89,970	578,856	118,195	105,000	176,462	-	173,902
Proceeds from sale of capital assets	-	-	150,000	-	-	-	-	-	-	-
Transfers in	807,091	704,510	435,899	550,726	1,727,571	1,012,799	1,621,153	685,899	714,504	455,000
Transfers out	(807,091)	(704,510)	(435,899)	(550,726)	(1,727,571)	(1,012,799)	(1,621,153)	(685,899)	(714,504)	(455,000)
Total other financing sources (uses)	197,379	84,000	1,748,776	3,789,970	663,192	3,318,195	4,010,417	176,462	-	173,902
Net change in fund balances	\$ (564,495)	\$ (979,991)	\$ (1,566,096)	\$ 942,846	\$ (46,281)	\$ 3,660,112	\$ 1,438,025	\$ (2,395,930)	\$ (379,637)	\$ (873,737)
Debt service as a percentage of noncapital expenditures	14.7%	11.1%	10.6%	8.6%	10.2%	10.5%	8.9%	10.3%	10.6%	8.9%

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

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

(Unaudited)

Fiscal Year Ended June 30,	Residential Property			Commercial Property	Industrial Property	Less: Tax Exempt Property		Total Taxable Assessed Value	(1) Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	2002	\$ 366,916,350	\$ 17,428,480	\$ 7,555,720	\$ 120,312,380	\$ 271,588,170	25.26	\$ 559,857,929	70.00%		
2003	375,688,670	17,570,100	7,555,720	122,045,430	278,769,060	26.26	572,592,129	70.00%			
2004	387,086,150	16,918,930	7,429,600	122,510,650	288,924,030	27.26	587,763,829	70.00%			
2005	393,235,050	19,141,230	4,626,690	122,509,550	294,493,420	28.56	595,718,529	70.00%			
2006	626,202,730	169,183,960	14,198,290	156,058,690	653,526,290	20.25	1,156,549,971	70.00%			
2007	630,654,185	168,795,830	14,580,170	156,002,450	658,027,735	21.01	1,162,900,264	70.00%			
2008	640,599,495	169,164,550	14,916,050	156,435,960	668,244,135	21.56	1,178,114,421	70.00%			
2009	649,716,283	172,734,260	14,118,940	156,910,410	679,659,073	21.91	1,195,099,261	70.00%			
2010	661,999,593	176,386,720	13,680,940	159,272,590	692,794,663	22.11	1,217,238,933	70.00%			
2011	698,819,380	210,411,680	9,353,100	184,832,840	733,751,320	21.12	1,312,263,086	70.00%			

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

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

Source: Town of Somers, Office of the Assessor.

Table 7

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

(Unaudited)

Taxpayer	2011		2002	
	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power	\$ 6,138,910	0.84%	\$ 4,292,920	1.58%
Specialized Technology Resources Inc	5,214,110	0.71%	-	0.00%
Grower Direct Inc	2,698,650	0.37%	1,956,100	0.72%
Conval Inc	2,359,970	0.32%	-	0.00%
Somers Crossing LLC	1,873,200	0.26%	-	0.00%
Gingras Development LLC	1,851,440	0.25%	-	0.00%
The CT Water Company	1,800,150	0.25%	1,264,690	0.47%
Somers Recreation Inc	1,790,240	0.24%	1,100,000	0.41%
Birkenshaw, David	1,611,210	0.22%	1,006,442	0.37%
Forty Scitico Road LLC	1,348,200	0.18%	-	0.00%
Total	\$ 26,686,080	3.64%	\$ 9,620,152	3.54%
Total Taxable Assessed Real Estate Value *	\$ 733,751,320		\$ 271,588,170	

* Total Town Taxable Assessed Value after exempt property

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

Table 8

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

(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the	Collected within the		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 11,578,071	\$ 11,490,306	99.24%	\$ 46,729	\$ 11,537,035	99.65%
2003	12,370,564	12,280,270	99.27%	52,738	12,333,008	99.70%
2004	13,251,117	13,032,202	98.35%	112,183	13,144,385	99.19%
2005	14,020,021	13,839,346	98.71%	111,246	13,950,592	99.50%
2006	14,677,342	14,495,007	98.76%	66,180	14,561,187	99.21%
2007	15,438,818	15,258,285	98.83%	124,823	15,383,108	99.64%
2008	15,985,836	15,781,620	98.72%	159,945	15,941,565	99.72%
2009	16,622,495	16,457,607	99.01%	128,615	16,586,222	99.78%
2010	16,790,911	16,646,987	99.14%	84,123	16,731,110	99.64%
2011	17,038,590	16,827,615	98.76%	-	16,827,615	98.76%

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					
2002	\$ 19,180,000	\$ -	\$ 61,200	\$ 19,241,200	3.43%	7.10%	2,033	
2003	17,785,000	-	165,790	17,950,790	3.11%	6.49%	1,897	
2004	16,090,000	-	188,439	16,278,439	2.74%	5.83%	1,720	
2005	19,510,000	1,400,000	269,254	19,779,254	3.28%	7.05%	2,090	
2006	18,185,000	-	221,210	18,406,210	1.57%	6.57%	1,945	
2007	16,500,000	3,200,000	596,996	17,096,996	1.42%	6.08%	1,807	
2008	21,680,000	3,200,000	510,449	22,190,449	1.84%	7.88%	2,345	
2009	19,445,000	-	367,680	19,812,680	1.63%	7.01%	2,094	
2010	17,325,000	-	166,589	17,491,589	1.42%	6.16%	1,848	
2011	15,215,000	-	225,913	15,440,913	1.25%	4.35%	1,632	

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legal Debt Margin Calculation:										
Total capacity of borrowing (7 times base)	\$ 81,529,301	\$ 86,788,275	\$ 92,110,522	\$ 98,447,230	\$ 108,045,455	\$ 108,174,374	\$ 112,256,683	\$ 117,329,933	\$ 118,436,023	\$ 119,578,025
Total present indebtedness	12,882,367	20,036,852	20,640,761	18,705,471	21,249,123	24,039,136	19,153,094	17,561,812	16,051,164	14,545,068
Margin for additional borrowing	\$ 68,646,934	\$ 66,751,423	\$ 71,469,761	\$ 79,741,759	\$ 86,796,332	\$ 84,135,238	\$ 93,103,589	\$ 99,768,121	\$ 102,384,859	\$ 105,032,957
Total net debt applicable to the debt limit as a percentage of the debt limit	15.80%	23.09%	22.41%	19.00%	19.67%	22.22%	17.06%	14.97%	13.55%	12.16%

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 fees and the tax relief for the elderly freeze grant.

Table 11

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

(Unaudited)

Year	(1)		(1)		(2)		(3)	
	Population	Personal Income	Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate	
2002	10,438	\$ 270,886,976	\$ 25,952	37.4	12.0	1,658	3.1%	
2003	10,665	276,778,080	25,952	37.4	12.0	1,695	4.2%	
2004	10,753	279,061,856	25,952	37.4	12.0	1,735	3.4%	
2005	10,812	280,593,024	25,952	37.4	12.0	1,744	5.4%	
2006	10,797	280,203,744	25,952	37.4	12.0	1,738	4.7%	
2007	10,831	281,086,112	25,952	37.4	12.0	1,732	5.0%	
2008	10,850	281,579,200	25,952	37.4	12.0	1,785	4.6%	
2009	10,894	282,721,088	25,952	37.4	12.0	1,739	8.2%	
2010	10,950	284,174,400	25,952	37.4	12.0	1,650	9.9%	
2011	11,297	355,268,056	31,448	45.4	12.0	1,632	8.2%	

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

(2) Town of Somers, Board of Education

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

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

(Unaudited)

Function/Program	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Finance	2	2	2	2	2	2	2	2	2	2
Planning	1	1	1	1	1	1	1	-	-	-
Building	2	2	2	2	2	2	2	2	2	2
Other	10	10	9	9	9	9	10	10	9	9
Police										
Officers	2	2	2	2	2	2	1	1	1	1
Civilians	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and officers	6	6	6	6	6	7	7	7	7	7
Refuse collection	4	4	4	4	4	4	3	3	3	3
Public works	13	13	13	12	11	11	9	8	8	8
Parks and recreation	2	2	2	2	2	2	3	3	2	2
Library	9	9	9	9	9	9	9	9	9	9
Sanitation	1	1	1	1	1	1	2	2	2	2
Transit	2	2	2	2	2	2	2	2	2	2
Total	55	55	54	53	52	53	52	50	48	48

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

Source: Town of Somers, Treasurer's Office.

Table I4

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

(Unaudited)

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Criminal investigations	307	255	268	244	228	252	277	233	276	296
Motor vehicle accidents	158	168	164	167	131	109	144	150	140	127
DWI Arrests	57	46	35	40	20	42	28	17	19	24
Fire										
Emergency responses	378	443	406	440	440	528	522	907	932	1,058
Fires extinguished	46	34	33	33	33	29	41	26	15	23
Inspections	111	81	138	145	33	128	144	203	251	240
Refuse collection										
Refuse collected (tons per year)	3,150	3,093	3,976	3,795	3,900	4,041	3,943	3,794	2,810	4,345
Bulky waste (tons per year)	1,005	1,098	1,100	1,229	1,350	1,112	1,078	944	823	975
Other public works (miles)										
Street resurfacing	11	9	10	11	12	12	9	8	8	8
Paved surface	-	-	-	-	1	-	-	1	-	-
Crack sealing	-	4	-	-	-	-	-	-	3	3
Library										
Volumes in collection	43,271	44,927	45,991	46,674	48,324	56,930	57,218	54,605	51,305	53,698
Total volumes circulated	59,165	60,115	58,880	57,587	62,505	57,632	81,639	53,680	59,155	60,085
Water										
New connections	6	1	4	5	7	18	23	13	4	1
New well permits	48	41	34	15	34	16	19	15	9	13
Wastewater										
New septic permits	99	77	70	57	64	46	53	47	38	28
New sewer connections	1	-	1	1	1	25	17	11	14	2
Average yearly sewage treatment (thousands of gallons)/day	35	46	40	50	45	40	38	41	38	39
Transit										
(senior bus)										
Total route miles	25,000	7,000	28,000	24,189	21,500	24,000	25,732	24,732	21,200	28,596
Passengers	2,300	2,284	2,287	2,262	1,784	1,896	1,805	1,218	2,405	3,405

Source: Various Town departments.

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

(Unaudited)

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	6	6	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	83.9	83.9	83.9	83.9	84.9	85.0	84.0	84.0	87.0	89.3
Highways (miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Streetlights	3	3	3	3	3	3	3	3	3	30
Traffic signals	4	4	4	4	5	5	5	5	5	5
Parks and recreation										
Acreage	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	7	7	9	9	9	9	9	9	9	9
Soccer/football fields	8	8	9	9	9	9	9	9	9	9
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	4.8 *
Fire hydrants	82	82	82	82	82	82	116	116	116	193
Storage capacity (thousands of gallons)	345	345	345	345	345	345	345	345	345	- *
Wastewater										
Sanitary sewers (miles)	4.1	4.1	4.1	4.1	4.1	4.1	4.3	4.3	4.3	4.3
Storm sewers (miles)	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
Treatment capacity (thousands of gallons)	65	65	65	65	65	65	100	100	100	100
Transit—minibuses	1	1	1	1	2	2	2	2	2	2

* Per contract termination water system sold to Hazardville Water Company

Source: Various Town departments.