

**TOWN OF PRESTON, CONNECTICUT**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**with**

**SUPPLEMENTAL STATEMENTS AND SCHEDULES**

**and**

**INDEPENDENT AUDITORS' REPORT**

*Sandra E. Welwood, LLC*  
Certified Public Accountants

**TOWN OF PRESTON, CONNECTICUT**

**TABLE OF CONTENTS**

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Independent Auditors' Report..... 1  
Management's Discussion and Analysis (Unaudited) ..... 3

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements:  
Statement of Net Position..... 9  
Statement of Activities ..... 10

Governmental Fund Financial Statements:  
Governmental Funds – Balance Sheet..... 11  
Governmental Funds – Statement of Revenues, Expenditures, and Changes  
in Fund Balances (Deficits) ..... 12  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances (Deficits) of Governmental Funds to the Statement of Activities ..... 13  
Agency Fund – Student Activity Fund – Statement of Fiduciary Net Position..... 14  
General Fund – Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budgetary Basis – Budget and Actual ..... 15

Notes to Financial Statements..... 16

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Connecticut Municipal Employees Retirement System:  
Schedule of the Town's Proportionate Share of the Net Pension Liability ..... 41  
Schedule of Town Contributions..... 42

Connecticut State Teachers' Retirement System:  
Schedule of the Town's Proportionate Share of the Net Pension Liability ..... 43

**SUPPLEMENTAL STATEMENTS AND SCHEDULES**

General Fund:  
Schedule of Revenues – Budget and Actual..... 44  
Schedule of Expenditures – Budget and Actual ..... 45

Nonmajor Governmental Funds:  
Nonmajor Governmental Funds – Combining Balance Sheet..... 48  
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances ..... 49  
Special Revenue Funds – Combining Balance Sheet..... 50  
Special Revenue Funds – Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances ..... 52  
Permanent Funds – Combining Balance Sheet..... 54  
Permanent Funds – Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances ..... 55

Other Schedules:  
Agency Fund – Student Activity Fund – Statement of Changes in Assets and Liabilities..... 56  
Capital and Nonrecurring Fund – Schedule of Changes in Fund Balance by Project ..... 57  
Statement of Debt Limitation ..... 58  
Report of the Tax Collector ..... 59

# *Sandra E. Welwood, LLC*

[sewonlake@aol.com](mailto:sewonlake@aol.com)  
Website: [www.sewelwoodcpa.com](http://www.sewelwoodcpa.com)  
(203) 730-0509 / Fax: (203) 730-0509

Certified Public Accountants  
46 Main Street  
Danbury, CT 06810

## INDEPENDENT AUDITORS' REPORT

To the Board of Finance  
Town of Preston, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Preston, Connecticut (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 8, and the required supplementary information on pages 41 through 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Danbury, Connecticut  
December 1, 2015

# TOWN OF PRESTON, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2015

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Our discussion and analysis of the Town of Preston, Connecticut's (the "Town"), financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements, which begin on page 9.

The Town's discussion and analysis is designed to:

1. Provide an overview of the Town's financial activity.
2. Assist the reader in focusing on significant financial issues.
3. Identify any material deviations from the financial plan (approved budget).
4. Identify changes in the Town's financial position, as well as its ability to address challenges in future years.

### FINANCIAL HIGHLIGHTS

- The Town's Net Position (long-term health) increased by \$576,234 to \$13,359,330 from last year.
- The Town's Fund Balances (short-term health) decreased by \$1,043,390 to \$3,298,248 from last year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

#### Government-Wide Financial Statements

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in its net position. You can think of the Town's net position – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

**Town of Preston, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

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The Statement of Net Position and the Statement of Activities show the Town's governmental activities. The Town's basic services are reported here, including education, public works, and general administration. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the government as a whole. Some funds are required to be established by Connecticut State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

**Governmental Funds** - The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

**Fiduciary Funds** - The Town is the trustee, or fiduciary, for the activity fund at the school. This fund does not belong to the Town. The Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town's combined net position increased by \$576,234 from \$12,783,096 to \$13,359,330. The primary reason for this increase was additional revenue from property taxes and license and permit fees.

**Town of Preston, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

	Net Position		
	2015	Restated 2014	Total % Change
<u>Assets</u>			
Current and other assets	\$ 8,174,973	\$ 9,035,494	-9.5%
Capital assets	<u>16,445,085</u>	<u>15,816,113</u>	4.0%
Total assets	<u>24,620,058</u>	<u>24,851,607</u>	-0.9%
<u>Deferred Outflows of Resources</u>	<u>92,582</u>	<u>-</u>	0.0%
<u>Liabilities</u>			
Long-term debt	6,987,075	7,000,454	-0.2%
Other liabilities	<u>4,249,764</u>	<u>5,068,057</u>	-16.1%
Total liabilities	<u>11,236,839</u>	<u>12,068,511</u>	-6.9%
<u>Deferred Inflows of Resources</u>	<u>116,471</u>	<u>-</u>	0.0%
<u>Net Position</u>			
Net investment in capital assets	8,515,554	7,434,978	14.5%
Restricted:			
Nonexpendable	25,464	256,650	-90.1%
Expendable	53,513	316,854	-83.1%
Unrestricted	<u>4,764,799</u>	<u>4,774,614</u>	-0.2%
Total net position	<u>\$ 13,359,330</u>	<u>\$ 12,783,096</u>	4.5%

	Change in Net Position		
	2015	2014	Total % Change
<u>Revenues</u>			
Program revenues:			
Charges for services	\$ 399,923	\$ 567,215	-29.5%
Operating grants and contributions	4,858,992	5,132,102	-5.3%
Capital grants and contributions	4,083,793	1,976,754	106.6%
General revenues:			
Property taxes	9,304,820	9,201,310	1.1%
Grants and contributions	2,225,519	2,176,438	2.3%
Interest and investment earnings	5,034	3,636	38.4%
Other	<u>143,008</u>	<u>19,642</u>	628.1%
Total revenues	<u>21,021,089</u>	<u>19,077,097</u>	10.2%
<u>Expenses</u>			
General government	1,399,017	1,543,976	-9.4%
Public works	695,989	692,531	0.5%
Public safety	681,326	658,701	3.4%
Health services	128,874	126,351	2.0%
Public and social services	678,498	550,577	23.2%
Property redevelopment	4,051,244	5,974,985	-32.2%
Education	12,581,287	13,164,937	-4.4%
Interest on long-term debt	<u>228,620</u>	<u>185,795</u>	23.0%
Total expenses	<u>20,444,855</u>	<u>22,897,853</u>	-10.7%
Change in net position	<u>\$ 576,234</u>	<u>\$ (3,820,756)</u>	-115.1%

**Town of Preston, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

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**FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

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

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.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,298,248, a decrease of \$1,043,390 from the prior year:

<u>Ending Fund Balance as of:</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
General Fund	\$ 3,658,031	\$ 3,374,066	\$ 283,965
Capital and Nonrecurring Fund	295,986	494,550	(198,564)
Capital Projects Fund	736,577	1,477,995	(741,418)
Preston Redevelopment Agency Fund	(1,883,771)	(1,740,996)	(142,775)
Other Funds	<u>491,425</u>	<u>736,023</u>	<u>(244,598)</u>
Total	<u>\$ 3,298,248</u>	<u>\$ 4,341,638</u>	<u>\$ (1,043,390)</u>

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the Unassigned General Fund balance was \$2,879,784. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund revenues. Unassigned General Fund balance represents 19.4% of total General Fund expenditures (on a budgetary basis) in the current fiscal year.

The Town's total General Fund balance increased by \$283,965 during the current fiscal year because property tax and local revenue categories were better than the prior year and amounts anticipated in the 2014-2015 budget. Also, total General Fund expenses decreased to \$15,479,315 compared to \$15,917,645 in the prior year.

**Town of Preston, Connecticut**  
**Management's Discussion and Analysis (Unaudited) (continued)**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by Connecticut State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation, or an appropriation over \$20,000, requires a Town Meeting. Transfers do not increase the total budget, but instead move appropriations from one department that needs additional funding from other departments that might have excess funding. Connecticut State statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

General Fund – Budget Summary

	<u>Final Budget</u>	<u>Actual</u>	<u>Better (Worse) Than Budget</u>
<u>Revenues</u>			
Property taxes	\$ 8,961,877	\$ 9,207,560	\$ 245,683
Intergovernmental	4,666,056	4,598,115	(67,941)
Local	<u>1,056,396</u>	<u>1,226,383</u>	<u>169,987</u>
	<u>14,684,329</u>	<u>15,032,058</u>	<u>347,729</u>
<u>Expenditures</u>			
General government	3,812,994	3,499,944	313,050
Education	10,850,000	10,688,038	161,962
Debt service expenditures	<u>688,835</u>	<u>688,833</u>	<u>2</u>
	<u>15,351,829</u>	<u>14,876,815</u>	<u>475,014</u>
Increase (decrease) in budgetary fund balance	<u>\$ (667,500)</u>	<u>\$ 155,243</u>	<u>\$ 822,743</u>

The General Fund was budgeted (with additional appropriations) to spend \$667,500 more than revenues. In fact, the General Fund revenues were \$347,729 higher than expected and the expenditures were \$475,014 lower than expected. Instead of using \$667,500 of the Fund Balance, the Town added \$155,243 (budgetary basis) to the Fund Balance. This is a \$822,743 favorable swing. Significant variances are summarized as follows:

- Property taxes were \$245,683 better than budget because back taxes and related interest collected were greater than anticipated.
- Local revenues were \$169,987 better than budget as the result of receiving insurance funds from an oil spill claim.
- All categories expended less than budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of this year, the Town had \$16,445,085 in capital assets. This amount represents a net increase (including additions and deductions) of \$628,972 from last year. The Town capitalized \$1,361,314 of assets and recorded depreciation expense of \$732,342. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

### **Long-Term Debt**

At year end, the Town had \$5,923,000 in bonds and loans outstanding. This is a decrease of \$450,000 from last year. The Town has a current bond rating of AA+ by Standards and Poor. This is in the upper medium range. More detailed information about the Town's long-term obligations is presented in Note 9 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town's elected and appointed officials considered many factors when setting the 2015-16 fiscal year end budget and tax rates.

The Town worked to keep the General Government budget as low as possible. The General Government budget for 2015-16 is \$15,490 or 0.5% higher than 2014-15.

The 2015-16 Education budget was passed with no increase over the prior year.

In total, the Town is anticipating using \$592,000 of its Unassigned Fund Balance to balance the 2015-16 budget, while approving a mil rate of 23.00. This is a decrease from the 2014-15 mil rate of 23.14. After using \$592,000 of its Unassigned Fund Balance to balance the budget, the Town is expecting to have Unassigned Fund Balance equal to 19% of its annual expenditures at the end of the 2015-16 fiscal year end.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Board of Finance at Town of Preston, Connecticut, 389 Route 2, Preston, CT 06365.

TOWN OF PRESTON, CONNECTICUT

STATEMENT OF NET POSITION  
JUNE 30, 2015

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<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 6,332,417
Receivables:	
Taxes	369,152
Intergovernmental	58,758
Other	735,742
Restricted cash	269,692
Prepaid expenses	19,733
Inventory	2,929
Loans receivable, long-term	386,550
Capital assets:	
Capital assets, not being depreciated	2,421,137
Capital assets, net of accumulated depreciation	14,023,948
	<hr/>
<b>Total assets</b>	24,620,058
 <b><u>Deferred Outflows of Resources</u></b>	
Pension contributions subsequent to measurement date	92,582
	<hr/>
<b><u>Liabilities</u></b>	
Accounts payable	674,706
Accrued expenses	71,264
Due to others	306,346
Accrued interest	68,557
Unearned revenue	1,128,891
Bond anticipation notes	2,000,000
Noncurrent liabilities:	
Due within one year	548,089
Due in more than one year	6,438,986
	<hr/>
<b>Total liabilities</b>	11,236,839
 <b><u>Deferred Inflows of Resources</u></b>	
Pension change in projected and actual investment earnings	116,471
	<hr/>
<b><u>Net Position</u></b>	
Net investment in capital assets	8,515,554
Restricted for enabling legislation:	
Nonexpendable	25,464
Expendable	53,513
Unrestricted	4,764,799
	<hr/>
<b>Total net position</b>	\$ 13,359,330
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The notes to the financial statements are an integral part of this statement.

**TOWN OF PRESTON, CONNECTICUT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>	
Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>					
General government	\$ (1,399,017)	\$ 149,631	\$ -	\$ -	\$ (1,249,386)
Public works	(695,989)	77,220	199,909	-	(418,860)
Public safety	(681,326)	-	-	-	(681,326)
Health services	(128,874)	-	-	-	(128,874)
Public and social services	(678,498)	98,928	129,228	262,062	(188,280)
Property redevelopment	(4,051,244)	2,817	-	3,821,731	(226,696)
Education	(12,581,287)	71,327	4,529,855	-	(7,980,105)
Interest on long-term debt	(228,620)	-	-	-	(228,620)
<b>Total governmental activities</b>	<u>\$ (20,444,855)</u>	<u>\$ 399,923</u>	<u>\$ 4,858,992</u>	<u>\$ 4,083,793</u>	<u>(11,102,147)</u>
<b>General Revenues:</b>					
Property taxes, interest, liens, and payments in lieu of taxes					9,304,820
Grants and contributions not restricted to specific programs					2,225,519
Interest and investment earnings					5,034
Other					143,008
<b>Total general revenues</b>					<u>11,678,381</u>
<b>Change in net position</b>					<u>576,234</u>
<b>Net position, beginning of year - as reported</b>					13,291,839
<b>Adjustment - Note 15</b>					(508,743)
<b>Net position, beginning of year - as restated</b>					<u>12,783,096</u>
<b>Net position, end of year</b>					<u>\$ 13,359,330</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF PRESTON, CONNECTICUT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	<b>General Fund</b>	<b>Capital and Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Preston Re- development Agency Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 4,154,258	\$ 82,673	\$ 736,041	\$ 875,389	\$ 484,056	\$ 6,332,417
Receivables	873,885	-	-	231,009	445,308	1,550,202
Due from other funds	24,899	218,388	536	-	140,905	384,728
Restricted cash	269,692	-	-	-	-	269,692
Prepaid expenses	19,075	-	-	-	658	19,733
Inventory	-	-	-	-	2,929	2,929
<b>Total assets</b>	<b>\$ 5,341,809</b>	<b>\$ 301,061</b>	<b>\$ 736,577</b>	<b>\$ 1,106,398</b>	<b>\$ 1,073,856</b>	<b>\$ 8,559,701</b>
<b><u>Liabilities</u></b>						
Accounts payable	\$ 634,310	\$ 5,075	\$ -	\$ -	\$ 35,321	\$ 674,706
Accrued expenses	71,264	-	-	-	-	71,264
Unearned revenue	3,068	-	-	990,169	135,654	1,128,891
Bond anticipation notes	-	-	-	2,000,000	-	2,000,000
Due to other funds	359,822	-	-	-	24,906	384,728
Due to others	306,346	-	-	-	-	306,346
<b>Total liabilities</b>	<b>1,374,810</b>	<b>5,075</b>	<b>-</b>	<b>2,990,169</b>	<b>195,881</b>	<b>4,565,935</b>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable - receivables	-	-	-	-	386,550	386,550
Unavailable revenue - taxes	308,968	-	-	-	-	308,968
<b>Total deferred inflows of resources</b>	<b>308,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>386,550</b>	<b>695,518</b>
<b><u>Fund Balances</u></b>						
Nonspendable	19,075	-	-	-	29,051	48,126
Restricted	2,112	53,513	-	-	55,172	110,797
Committed	-	54,516	736,577	-	-	791,093
Assigned	757,060	187,957	-	-	407,202	1,352,219
Unassigned	2,879,784	-	-	(1,883,771)	-	996,013
<b>Total fund balances</b>	<b>3,658,031</b>	<b>295,986</b>	<b>736,577</b>	<b>(1,883,771)</b>	<b>491,425</b>	<b>3,298,248</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,341,809</b>	<b>\$ 301,061</b>	<b>\$ 736,577</b>	<b>\$ 1,106,398</b>	<b>\$ 1,073,856</b>	
<b>Amounts reported in the Statement of Net Position are different because:</b>						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						16,445,085
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						695,518
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:						
Bonds, notes, unamortized premiums on bond costs, and accrued interest						(5,998,088)
Landfill closure						(6,600)
Net pension liability and related deferred inflows of resources, net of deferred outflows of resources						(387,648)
Compensated absences, special termination benefits, and other post-employment benefits						(687,185)
<b>Net position</b>						<b>\$ 13,359,330</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF PRESTON, CONNECTICUT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Capital and Nonrecurring Fund</u>	<u>Capital Projects Fund</u>	<u>Preston Re- development Agency Fund</u>	<u>Other Funds</u>	<u>Total</u>
<b>Revenues:</b>						
Property taxes	\$ 9,207,560	\$ -	\$ -	\$ -	\$ -	\$ 9,207,560
Intergovernmental	5,644,492	230,000	-	3,821,731	402,188	10,098,411
Local	1,226,379	18,659	4,551	2,817	253,484	1,505,890
<b>Total revenues</b>	<u>16,078,431</u>	<u>248,659</u>	<u>4,551</u>	<u>3,824,548</u>	<u>655,672</u>	<u>20,811,861</u>
<b>Expenditures:</b>						
Current:						
General government	1,535,990	-	5	4,047,323	-	5,583,318
Public works	591,270	-	-	-	-	591,270
Public safety	612,058	-	-	-	9,355	621,413
Health services	122,481	-	-	-	1,526	124,007
Public and social services	367,718	-	-	-	518,592	886,310
Education	11,560,965	-	-	-	477,948	12,038,913
Capital outlay	-	575,223	745,964	-	-	1,321,187
Debt service	688,833	-	-	-	-	688,833
<b>Total expenditures</b>	<u>15,479,315</u>	<u>575,223</u>	<u>745,969</u>	<u>4,047,323</u>	<u>1,007,421</u>	<u>21,855,251</u>
<b>Excess of revenues over (under) expenditures</b>	599,116	(326,564)	(741,418)	(222,775)	(351,749)	(1,043,390)
<b>Other financing sources (uses):</b>						
Transfers in	4	128,000	-	80,000	107,155	315,159
Transfers out	(315,155)	-	-	-	(4)	(315,159)
<b>Net change in fund balances (deficits)</b>	283,965	(198,564)	(741,418)	(142,775)	(244,598)	(1,043,390)
<b>Fund balances (deficits), beginning of year</b>	<u>3,374,066</u>	<u>494,550</u>	<u>1,477,995</u>	<u>(1,740,996)</u>	<u>736,023</u>	<u>4,341,638</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 3,658,031</u>	<u>\$ 295,986</u>	<u>\$ 736,577</u>	<u>\$ (1,883,771)</u>	<u>\$ 491,425</u>	<u>\$ 3,298,248</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF PRESTON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

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Amounts reported for governmental activities in the Statement of Activities are different because:

**Net change in fund balances (deficits) - total governmental funds** \$ (1,043,390)

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 expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	1,361,314
Depreciation expense	<u>(732,342)</u>
	<u>628,972</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments:

General obligation bonds	450,000
Post-closure landfill costs	<u>600</u>
	<u>450,600</u>

Some revenues and expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues and expenditures in governmental funds:

Revenues:

Taxes, interest and liens	97,260
Loan receivables	386,550
Change in deferred outflows related to pension contributions	92,582

Expenses:

Net pension liability	144,984
Other post-employment benefits payable	(88,300)
Special termination benefits	13,234
Accrued interest payable	8,609
Amortization of bond premiums	1,604
Change in deferred inflows related to projected and actual investment earnings	<u>(116,471)</u>
	<u>540,052</u>

**Change in net position** \$ 576,234

The notes to the financial statements are an integral part of this statement.

**TOWN OF PRESTON, CONNECTICUT**  
**AGENCY FUND**  
**STUDENT ACTIVITY FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

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**Assets**

Cash and cash equivalents	\$ 9,717
Other receivables	<u>100</u>
<b>Total assets</b>	<u>9,817</u>

**Liabilities**

Due to student groups	9,767
Accounts payable	<u>50</u>
<b>Total liabilities</b>	<u>9,817</u>

**Net Position**

<b>Total net position</b>	<u><u>\$ -</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF PRESTON, CONNECTICUT

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 8,961,877	\$ 8,961,877	\$ 9,207,560	\$ 245,683
Intergovernmental	4,666,056	4,666,056	4,598,115	(67,941)
Local	1,056,396	1,056,396	1,226,383	169,987
<b>Total revenues</b>	<u>14,684,329</u>	<u>14,684,329</u>	<u>15,032,058</u>	<u>347,729</u>
<b>Expenditures:</b>				
Current:				
General government	1,498,132	1,504,147	1,361,810	142,337
Land development and control	62,898	62,898	59,123	3,775
Public works	600,004	620,004	591,270	28,734
Public safety	626,364	643,259	612,058	31,201
Health services	127,482	127,482	122,481	5,001
Public and social services	373,371	373,371	367,718	5,653
Miscellaneous	391,743	481,833	385,484	96,349
Education	10,850,000	10,850,000	10,688,038	161,962
Debt service	669,335	688,835	688,833	2
<b>Total expenditures</b>	<u>15,199,329</u>	<u>15,351,829</u>	<u>14,876,815</u>	<u>475,014</u>
<b>Net change in fund balance</b>	<u>\$ (515,000)</u>	<u>\$ (667,500)</u>	155,243	<u>\$ 822,743</u>
<b>Fund balance, beginning of year</b>			<u>3,337,728</u>	
<b>Fund balance, end of year</b>			<u>\$ 3,492,971</u>	

The notes to the financial statements are an integral part of this statement.

**TOWN OF PRESTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies**

The Town of Preston, Connecticut (the “Town”), is a municipal corporation governed by a selectmen/town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes, and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. An elected Board of Finance is the budget making authority and supervises the Town's financial matters.

**Reporting Entity**

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) 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 reporting entity includes the primary government only. No component units meeting the criteria provided by the Government Accounting Standards Board exist.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Fiduciary funds are excluded from the government-wide financial statements. For the most part, the effects of interfund activity have been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

**Governmental Funds**

*General Fund* – the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

*Special Revenue Funds* – account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* – account for financial resources used for the acquisition or construction of major capital facilities for capital projects anticipated to last more than one year.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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*Permanent Funds* – 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.

*Debt Service Fund* – used to account for resources that are committed for specific debt service (payment of principal and interest of a specified debt).

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary fund maintained by the Town is as follows:

*Agency Fund* – custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, when levied for, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

The Town reports the following major governmental funds:

The **General Fund** is the general operating fund of the Town government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the Town, which were not paid through a special fund.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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The **Capital and Nonrecurring Fund** accounts for smaller, short-term capital projects that are funded through capital grants or General Fund transfers.

The **Capital Projects Fund** is used to account for proceeds of bond anticipation notes and general obligation bonds used for authorized bonded projects such as acquisition and construction of capital facilities, except for those related to the redevelopment of the Preston Riverwalk.

The **Preston Redevelopment Agency Fund** was established to account for intergovernmental grants received and expended for the development of the Norwich Hospital Property, renamed the Preston Riverwalk.

Additionally, the Town reports the following fund:

The **Student Activity Fund** (an agency fund) accounts for monies held as a custodian for student groups.

**Cash, Cash Equivalents, and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the town are reported at fair value. Nonparticipating, interest-earning investment contracts are generally reported at cost plus accrued earnings.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of a bank failure, the Town deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America, and obligations of any State or political subdivision, which is tax exempt. Certain fiduciary funds are allowed more flexibility in investing.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

*Interest Rate Risk* – Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. 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. Generally, the Town does not invest in any long-term investment obligations.

*Concentration of Credit Risk* – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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**Receivables**

Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under Connecticut State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2015, no allowance for uncollectible taxes and interest was considered necessary.

**Loans Receivable**

The Town administers a loan program for individuals and families in need. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full, or in part, by the borrower at any time without penalty. As of June 30, 2015, loans receivable totaled \$386,550 under this program.

**Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "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 fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) 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 the capitalization threshold for that asset type, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. 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 an asset or materially extend the asset life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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Land is considered inexhaustible and, therefore, is not depreciated. Property, equipment, and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Threshold</u>
Buildings and improvements	50	\$ 3,000
Land improvements	20	3,000
Vehicles:		
Cars and light trucks	7	3,000
Heavy trucks and buses	10	3,000
Fire trucks	20	3,000
Computers and computer equipment	5	3,000
Furniture, fixtures, and equipment	5	3,000
Infrastructure:		
Drainage (per project)	20	2,500
Road (per mile)	20	5,000
Bridges	20	50,000

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred outflow of resources in the government-wide Statement of Net Position related to pension contributions made subsequent to the measurement date. These amounts are deferred and included in pension expense in the subsequent year.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide Statement of Net Position. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The unavailable revenues from property taxes and long-term loans are reported in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

### **Long-Term Obligations**

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

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of the 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.

### **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

### **Fund Equity and Net Position**

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – This category represents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents the net position of the Town, which is not restricted for any project or other purpose.

Governmental Accounting Standards Board Statement No. 54 (GASB 54) defines the different types of fund balances that the Town must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for financial reporting purposes.

Nonspendable – fund balance amounts associated with inventories, prepaids, and long-term receivables and payables.

Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.

Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the Town's highest level of decision-making authority.

Assigned – fund balance amounts intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed fund balances.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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Unassigned – Residual classification for the General Fund (i.e., everything that is not in another classification or in another fund). The General Fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town's committed fund balance reporting is required when funds have been committed at a Town Meeting. The Town's assigned fund balance reporting is required when funds have been assigned by the Town's Board of Selectmen. The Town's policy is to apply expenditures against the applicable fund balances in the following order: nonspendable, restricted, committed, assigned, and unassigned.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 – Budgeting and Budgetary Accounting**

**Budgetary Basis**

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- Teachers' Retirement – The Town does not recognize as revenue or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf. The Governmental Accounting Standards Board's Statement No. 68 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- Excess Cost Grant – The State reimburses the Town for certain costs incurred for special educational needs of students. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

A reconciliation of General Fund operations presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) to the amounts presented on the budgetary basis is as follows:

	<u>Fund Balance</u> <u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Uses</u>	<u>Fund Balance</u> <u>Ending</u>
GAAP basis	\$ 3,374,066	\$ 16,078,431	\$ (15,479,315)	\$ (315,151)	\$ 3,658,031
Encumbrances:					
June 30, 2014	(36,338)	-	36,338	-	-
June 30, 2015	-	-	(165,060)	-	(165,060)
Excess cost grant netted against expenditures	-	(426,799)	426,799	-	-
Other reclassifications	-	4	(315,155)	315,151	-
Teachers’ retirement system on behalf payments	-	(619,578)	619,578	-	-
Budgetary basis	<u>\$ 3,337,728</u>	<u>\$ 15,032,058</u>	<u>\$ (14,876,815)</u>	<u>\$ -</u>	<u>\$ 3,492,971</u>

**Budget Calendar**

The Boards of Selectmen and Education submit requests for appropriations to the Board of Finance. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations which they desire the Board of Finance to consider. The Board of Finance then considers the estimates, and any other matters brought to their attention, at a public meeting held subsequent to the public hearing, and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

**Budget Control**

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by Connecticut State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to previously adjusted appropriations.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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**Note 3 – Deposits and Investments**

**Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at year end:

Governmental funds	\$ 6,332,417
Agency fund	<u>9,717</u>
Total cash and cash equivalents	<u>\$ 6,342,134</u>

**Custodial Credit Risk on Deposits**

As of June 30, 2015, the carrying amount of the Town's deposits with financial institutions was:

Deposits	\$ 3,457,042
Plus: External investment pools treated as cash and cash equivalents	3,154,784
Less: Restricted cash	<u>(269,692)</u>
Total cash and cash equivalents	<u>\$ 6,342,134</u>

The bank balance of the deposits was \$3,871,731 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,165,463
Uninsured and collateralized	1,458,067
Uninsured and uncollateralized	<u>1,248,201</u>
Total deposits	<u>\$ 3,871,731</u>

**External Investment Pools as Cash and Cash Equivalents**

The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The pool, Short-Term Investment Fund (STIF), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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**Note 4 – Receivables and Unearned Revenue**

Receivables as of year end for the Town’s government-wide financial statements and individual major funds and nonmajor funds, in the aggregate, are as follows:

Taxes	\$ 369,152
Intergovernmental	58,758
Other	735,742
Loans receivable	<u>386,550</u>
	<u>\$ 1,550,202</u>

Governmental funds report unearned 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 unearned revenue reported in the governmental funds were as follows:

Unearned revenue:	
Intergovernmental	\$ 1,125,823
Other	<u>3,068</u>
	<u>\$ 1,128,891</u>

**Note 5 – Operating Lease**

The Town is the lessor in an operating lease for easement and access rights to certain Town property. The agreement commenced in February 2000, for an initial period of 5 years with three optional 5-year extensions and a final optional 4-year extension. The lease termination date is February 2024. The lease provides for monthly lease payments with a possible 10% increase at each extension term. The total lease income from operating leases during the year amounted to \$18,150.

**Note 6 – Capital Assets**

Capital asset activity for the year was as follows:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Capital assets not being depreciated:				
Land	\$ 586,830	\$ 449,649	\$ -	\$ 1,036,479
Construction in process	<u>1,384,659</u>	<u>-</u>	<u>-</u>	<u>1,384,659</u>
Total capital assets not being depreciated	<u>1,971,489</u>	<u>449,649</u>	<u>-</u>	<u>2,421,138</u>
Capital assets being depreciated:				
Buildings	15,486,371	41,990	-	15,528,361
Land improvements	3,668,746	125,575	-	3,794,321
Vehicles	3,405,425	744,100	-	4,149,525
Computer and computer equipment	257,929	-	-	257,929
Furniture, fixtures, and equipment	870,085	-	-	870,085
Infrastructure	<u>1,659,808</u>	<u>-</u>	<u>-</u>	<u>1,659,808</u>
Total capital assets being depreciated	<u>25,348,364</u>	<u>911,665</u>	<u>-</u>	<u>26,260,029</u>
Less accumulated depreciation:	<u>(11,503,740)</u>	<u>(732,342)</u>	<u>-</u>	<u>(12,236,082)</u>
Capital assets, net	<u>\$ 15,816,113</u>	<u>\$ 628,972</u>	<u>\$ -</u>	<u>\$ 16,445,085</u>

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Education	\$ 467,308
Public works	104,719
Public and social services	66,770
Public safety	59,913
General government	24,844
Health services	4,867
Redevelopment	<u>3,921</u>
Total depreciation expense	<u>\$ 732,342</u>

**Note 7 – Interfund Balances**

The following are temporary borrowings between funds. These are either expected to be paid off within one year or have no agreed payment terms:

Due From:	Due To:				Total
	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Other Funds	
General Fund	\$ -	\$ 218,388	\$ 536	\$ 140,898	\$ 359,822
Other Funds	<u>24,899</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>24,906</u>
	<u>\$ 24,899</u>	<u>\$ 218,388</u>	<u>\$ 536</u>	<u>\$ 140,905</u>	<u>\$ 384,728</u>

**Note 8 – Short-Term Obligations – Bond Anticipation Notes**

The Town uses bond anticipation notes during the construction period of various capital projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2015, was as follows:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Preston Redevelopment Project	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

At June 30, 2015, there was a bond anticipation note of \$2,000,000 outstanding with a maturity date of June 15, 2016, bearing an interest rate of 1.25%.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

**Note 9 – Long-Term Obligations**

**Changes In Long-Term Obligations**

Long-term obligation activity for the year ended June 30, 2015, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds and loan payable:					
School refunding bonds	\$ 1,760,000	\$ -	\$ 300,000	\$ 1,460,000	\$ 300,000
Capital projects	2,613,000	-	150,000	2,463,000	150,000
State loan payable	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
	6,373,000	-	450,000	5,923,000	450,000
Bond premiums	8,135	-	1,604	6,531	1,604
Other post-employment benefits	492,000	146,400	58,100	580,300	49,000
Net pension liability	508,743	-	144,984	363,759	-
Special termination benefits	90,000	-	15,000	75,000	15,000
Compensated absences	30,119	1,766	-	31,885	31,885
Post closure landfill costs	<u>7,200</u>	<u>-</u>	<u>600</u>	<u>6,600</u>	<u>600</u>
	<u>\$ 7,509,197</u>	<u>\$ 148,166</u>	<u>\$ 670,288</u>	<u>\$ 6,987,075</u>	<u>\$ 548,089</u>

**State Loan Payable**

On May 1, 2013, the Town entered into an Assistance Agreement with the State of Connecticut in connection with the redevelopment of Preston Riverwalk. Such agreement provides Preston with a loan of \$2,000,000. The funds were received during the year ended June 30, 2014, and the principal and interest will be payable beginning five years from the date of the receipt of the funds in monthly installments for twenty years. Annual interest on the loan is 1.5%.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the good faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. Payments on these bonds have been made out of the General Fund and are charged to expenditures.

General obligation bonds currently outstanding are as follows:

Purpose	Original Amount	Matures in Year Ending	Average Interest	Current Amount
School Refunding Bonds	\$ 4,300,000	2020	3.74%	\$ 1,460,000
Capital Project Bonds	1,965,000	2020	4.07%	675,000
Capital Project Bonds	1,788,000	2033	3.00%	<u>1,788,000</u>
				<u>\$ 3,923,000</u>

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

Annual debt service requirements to maturity for general obligation bonds and the loan payable are as follows:

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>State Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 538,000	\$ 137,114	\$ -	\$ -
2017	545,000	116,072	-	-
2018	540,000	93,025	-	-
2019	515,000	70,075	99,708	24,440
2020	485,000	51,576	101,214	47,766
2021-2034	<u>1,300,000</u>	<u>297,750</u>	<u>1,799,078</u>	<u>162,469</u>
	<u>\$ 3,923,000</u>	<u>\$ 765,612</u>	<u>\$ 2,000,000</u>	<u>\$ 234,675</u>

**Post Closure Landfill Costs**

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for 30 years after closure. These costs will be paid through the General Fund each year. Total estimated costs based on the current actual costs are included in long-term obligations. The actual costs may vary based on actual events, inflation, changes in technology, and applicable laws and regulations. No costs were incurred in this fiscal year.

**Special Termination Benefits**

Periodically, the Board of Education offers retirement incentive packages to teachers that meet specified requirements. A teacher that meets the criterion must apply to the Superintendent for consideration. The balance due to them is \$75,000.

**Statutory Debt Limitation**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

**Note 10 – Net Position and Fund Balances**

**Restricted Net Position**

Restrictions on Net Position at year end is summarized as follows:

	<u>Nonexpendable</u>	<u>Expendable</u>
Capital expenditures	\$ -	\$ 53,513
Principal balances	25,464	-
	<u>\$ 25,464</u>	<u>\$ 53,513</u>

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Preston Re-development Agency Fund	Other Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Prepaid expenses	\$ 19,075	\$ -	\$ -	\$ -	\$ 658	\$ 19,733
Permanent funds	-	-	-	-	25,464	25,464
Inventory	-	-	-	-	2,929	2,929
	<u>19,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,051</u>	<u>48,126</u>
<b>Restricted:</b>						
Capital projects	-	53,513	-	-	37,406	90,919
Preservation of records	2,112	-	-	-	-	2,112
Animal control	-	-	-	-	866	866
Education	-	-	-	-	16,900	16,900
	<u>2,112</u>	<u>53,513</u>	<u>-</u>	<u>-</u>	<u>55,172</u>	<u>110,797</u>
<b>Committed:</b>						
Capital projects	-	54,516	736,577	-	-	791,093
	<u>-</u>	<u>54,516</u>	<u>736,577</u>	<u>-</u>	<u>-</u>	<u>791,093</u>
<b>Assigned:</b>						
Subsequent year's budget	592,000	-	-	-	-	592,000
Debt service	-	-	-	-	133,950	133,950
General government	4,650	-	-	-	32,339	36,989
Public and social service	-	-	-	-	61,378	61,378
Public safety	-	-	-	-	141,609	141,609
Capital projects	-	187,957	-	-	-	187,957
Scholarships	-	-	-	-	24,290	24,290
Education	160,410	-	-	-	13,636	174,046
	<u>757,060</u>	<u>187,957</u>	<u>-</u>	<u>-</u>	<u>407,202</u>	<u>1,352,219</u>
Unassigned	<u>2,879,784</u>	<u>-</u>	<u>-</u>	<u>(1,883,771)</u>	<u>-</u>	<u>996,013</u>
	<u>\$ 3,658,031</u>	<u>\$ 295,986</u>	<u>\$ 736,577</u>	<u>\$(1,883,771)</u>	<u>\$ 491,425</u>	<u>\$ 3,298,248</u>

**Deficit Fund Balance**

The Preston Redevelopment Agency Fund has a deficit fund balance of \$1,883,771 and will require General Fund and State/Federal grant assistance in the future.

**Note 11 – Employee Retirement Systems and Pension Plans**

**Connecticut Teachers' Retirement System**

Description of System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by the System are as follows:

**Normal Benefit:** A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut, is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

**Prorated Benefit:** A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

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

Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 7.25% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$231,628 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$3,194,869. The Town had 43 active participants in the System at June 30, 2015.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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Actuarial Assumptions

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual Equity	21.0%	7.3%
Developed Markets ISF	18.0%	7.5%
Emerging Markets ISF	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Emerging Market Debt	5.0%	4.8%
High Yield	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.3%
Liquidity Fund	6.0%	0.4%
Real Estate	7.0%	5.9%
Private Investments	11.0%	10.9%
Alternative Investments	6.0%	0.7%

Discount Rate

The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u> <u>(7.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(8.50%)</u>	<u>1% Increase</u> <u>(9.50%)</u>
Sensitivity of the proportionate Share of the net pension liability	\$ 10,538,236	\$ 8,257,892	\$ 6,319,532

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$8,257,892.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized \$619,578 as the amount expended by the State on behalf of the Town to meet the State’s funding requirements.

**Connecticut Municipal Employees Retirement System**

Description of Retirement System

The Town is a participating municipality of the Connecticut's Municipal Employees Retirement System (“CMERS”), which is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut General Statute Title 7, Chapter 113. CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The Town had 19 active participants in CMERS at June 30, 2015.

CMERS is considered a part of the State of Connecticut financial reporting entity and is included in the State’s financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense information about CMERS net position and additions to/deductions from CMERS net position have been determined on the same basis as they are reported by CMERS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by CMERS include retirement, disability, and death benefits as follows:

General Employees – Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen – Compulsory retirement age for police and fire members is age 65.

Normal Retirement – For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by social security, the benefit is 1% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the benefit until age 62 or until a social security disability award is received, is computed as if the member is not under social security.

Early Retirement – Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated based on average final compensation and service to date of termination. Deferred to normal retirement age or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

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

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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Contribution Requirements

Employer – As a participating municipality, the Town makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment, which covers the liabilities of CMERS not met by member contributions.

Employees – For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

The Town's required contribution to CMERS is currently 11.38% of covered payroll. Such contribution was \$92,582 for the year ended June 30, 2015, related to covered payroll of \$813,546.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 Percent
Salary increases, including inflation	4.25-11.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

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

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	16.0%	5.8%
Developed Non-U.S. Equities	14.0%	6.6%
Emerging Markets (Non-U.S.)	7.0%	8.3%
Core Fixed Income	8.0%	1.3%
Inflation Linked Bonds	5.0%	1.0%
Emerging Market Bonds	8.0%	3.7%
High Yield Bonds	14.0%	3.9%
Real Estate	7.0%	5.1%
Private Investments	10.0%	7.6%
Alternative Investments	8.0%	4.1%
Liquidity Fund	3.0%	0.4%

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability of CMERS, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Sensitivity of the proportionate share of the net pension liability	\$ 738,686	\$ 363,759	\$ 46,352

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

At June 30, 2015, the Town reported a liability in the government-wide Statement of Net Position for its proportionate share (0.152766%) of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$363,759.

June 30, 2014, is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total proportionate share of the collective pension expense in the government-wide Statement of Activities associated with the Town of \$65,693 for the fiscal year ended June 30, 2015.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to CMERS in its government-wide Statement of Net Position from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 116,471
Town contributions subsequent to the measurement date	<u>92,582</u>	<u>-</u>
Total	<u>\$ 92,582</u>	<u>\$ 116,471</u>

The deferred outflows of resources resulting from the Town contributions subsequent to the measurement date of June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Deferred outflows and inflows related to the net difference between projected and actual earnings on plan investments is amortized over a closed five-year period. The Town's proportionate share of the net difference between projected and actual investment earnings as of June 30, 2014, compared to the plan's expected rate of return of 8.00% was \$145,589. The first year amortization of \$29,118 is recognized as pension expense and the remaining amount is shown as a deferred inflow of resources and will be recognized in subsequent years as follows:

Fiscal year ended <u>June 30,</u>	
2016	\$ 29,118
2017	29,118
2018	29,118
2019	29,117

**Note 12 – Other Post-Employment Benefits (OPEB)**

**Plan Description**

The Preston Public Schools OPEB is a single-employer defined benefit plan administered by the Town in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility:	Teachers and Certified Administrators – A teacher or certified administrator retiring under the Connecticut State Teachers' Retirement System shall be eligible to receive health benefits for self and spouse.
Cost Sharing:	All retirees pay 100% of the premiums less the amount paid to the Town by the Teachers' Retirement Board.
Plan of Coverage:	Various medical, dental, and pharmaceutical plans depending on whether retirement is prior to age 65 or after 65.

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

Membership in the plan consisted of the following at July 1, 2014, the date of the last actuarial valuation.

Retirees receiving benefits	6
Active plan members	<u>43</u>
Total	<u>49</u>

**Actuarial Assumptions and Methods**

Latest Actuarial Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Discount Rate	3.00%
Medical Inflation	Initial rate of 9% grading down to an ultimate inflation rate of 5% in 2022 and later.
Amortization Method	Level percentage of projected payroll
Remaining Amortization	30 years, level dollar, open
Mortality	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.
Turnover	As used in the Connecticut State Teachers' Retirement System 2012 OPEB Valuation
Retirement	As used in the Connecticut State Teachers' Retirement System 2012 OPEB Valuation
Future Retiree Coverage	100% are assumed to elect coverage at retirement
Future Dependent Coverage	Male 50%; Female 50% with female spouses assumed to be 3 years younger than males

**Schedule of Funding Progress**

Schedule of Funding Progress				
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
July 1,	(a)	(b)	(b-a)	(a÷b)
2014	\$ 0	\$ 2,355,000	\$ 2,355,000	0%
2011	0	1,964,800	1,964,800	0%
2008	0	3,057,300	3,057,300	0%

**Schedule of Employer Contributions**

Schedule of Employer Contributions			
Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 156,000	\$ 58,100	37.2%
2014	134,900	48,000	35.6%
2013	133,900	53,600	40.0%
2012	132,900	69,700	52.4%
2011	211,300	129,400	61.2%

**Town of Preston, Connecticut**  
**Notes to Financial Statements (continued)**

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**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution (ARC)	\$ 156,000
Interest on net OPEB obligation	14,800
Adjustment to annual required contribution	<u>(24,400)</u>
Annual OPEB cost (AOC)	146,400
Contributions made	<u>(58,100)</u>
Increase in net OPEB obligation	88,300
Net OPEB obligation, beginning of year	<u>492,000</u>
 Net OPEB obligation, end of year	 <u>\$ 580,300</u>

**Trend Information**

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution Made	Percentage of AOC Contributed	Net OPEB Obligations
6/30/15	\$ 146,400	\$ 58,100	40%	\$ 580,300
6/30/14	126,800	48,000	38%	492,000
6/30/13	126,200	53,600	42%	413,200
6/30/12	127,400	69,700	55%	340,600

**Other Disclosures**

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Note 13 – Risk Management**

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

**Note 14 – Contingent Liabilities**

**Various Lawsuits**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**School Building Grants**

Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, it will owe a portion of the State funding back to the State.

For projects with a cost over \$2,000,000, the contingency will be amortized over 20 years. For smaller projects, the contingency will be amortized over 10 years.

**Note 15 – Preston Riverwalk**

The Town purchased the former Norwich Hospital site and the buildings, structures, improvements, and fixtures from the State of Connecticut for \$1 and the Town assumed responsibility for the environmental conditions at the property and completing the pollution remediation. However, the Town has the right, and intends, to transfer the property to a third party who accepts responsibility for the environmental conditions and remediation under certain conditions.

The Town had entered into two property disposition and development agreements with two different developers. Under the first property disposition and development agreement, the Town was scheduled to be reimbursed certain legal costs by the first developer. As of June 30, 2014, the Town had \$475,040 due from the first developer, which has not been recorded because collection is uncertain.

Effective July 2011, the Town has an agreement with a legal firm stipulating that the firm will not seek payment of certain legal costs payable until certain events take place. In this regard, the agreement specifies the payment of the legal costs will be due when, and if, the Town sells the acreage. The legal costs will become due at \$5,700 per acre of the first 160 acres sold. In addition, the legal costs will be paid per the agreement solely from the proceeds of the sale of such acreage and not from the general revenues of the Town. Given these contract terms, the amount, if any, that will ultimately be paid is uncertain and cannot be determined at this time.

To date, expenditures are \$17,194,068 for pollution remediation. The remaining pollution remediation costs are estimated at \$4,600,000. These are based on the Town's remedial action plan. This estimate has been calculated for both fees and expenses using the expected cash flow technique in estimating the excavation, demolition, abatement, decontamination, disposal, and cost cap insurance expected to be incurred through the Notice of Completion of Remediation. This is an estimate and subject to change resulting from price increases or reductions, technology, or changes in applicable laws or regulations. Because the property was acquired with known pollution that was expected to be remediated, the Town will capitalize the pollution remediation costs as areas are completed.

**Note 16 – Adoption of Accounting Standard**

The Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) during the current fiscal year for the Connecticut State Teachers' Retirement System (System). The adoption of this statement had no effect on the recording of amounts in the Town's financial statements. However, the statement requires significant additional footnote disclosures regarding the System.

The Town also adopted GASB 68 during the current fiscal year for the Town's participation in Connecticut's Municipal Employees Retirement System (CMERS). The adoption of this statement requires the Town to report a Net Pension Liability for its proportionate share of CMERS net pension liability. The Town's net position at June 30, 2014, has been restated for the effects of this liability, which reduces net position by \$508,743 at June 30, 2014, in the government-wide financial statements. The statement also requires significant additional footnote disclosures regarding CMERS.

**Note 17 – Recently Issued Accounting Standards**

The GASB has issued new accounting standards that will become effective in future years. The Town has not yet determined what effect, if any, these new accounting standards will have on its financial statements.

**GASB Statement No. 72, *Fair Value Measurement and Application*.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

**GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.** GASB 74 addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement requires more extensive note disclosures and Required Supplemental Information (RSI) (similar to GASB 67) related to the measurement of the OPEB liabilities for accumulated assets in addition to note disclosures. GASB 74 will be effective for fiscal years beginning after December 15, 2016.

**GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.** GASB 75 addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement will require more extensive note disclosures and Required Supplementary Information (RSI) about their OPEB liabilities (similar to GASB 68). GASB 75 will be effective for fiscal years beginning after December 15, 2017.

**REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**

**TOWN OF PRESTON, CONNECTICUT**

**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

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	<u>2015</u>
Town's proportion of the net pension liability	<u>0.353618%</u>
Town's proportionate share of the net pension liability	<u>\$ 363,759</u>
Town's covered-employee payroll	<u>\$ 784,699</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>46.36%</u>
System fiduciary net position as a percentage of the total pension liability	<u>90.48%</u>

Note: The above information relates to June 30, 2014, the last actuarial valuation.

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF TOWN CONTRIBUTIONS**

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	<u>2015</u>
Contractually required contribution	\$ 92,582
Contributions in relation to the contractually required contribution	<u>(92,582)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 813,546</u>
Contributions as a percentage of covered-employee payroll	<u>11.38%</u>

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

---

	<u>2015</u>
Town's proportion of the net pension liability	<u>0.081427%</u>
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>8,257,892</u>
Total	<u>\$ 8,257,892</u>
Town's covered-employee payroll	<u>\$ 3,194,869</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>61.51%</u>

**Notes to Connecticut State Teachers' Retirement System**

Changes of Assumptions

In 2011, rates of withdrawal, retirement, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	3.00 percent
Salary increase	3.75-7.00 percent, including inflation
Investment rate of return	8.50 percent, net of investment related expense

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL  
STATEMENTS AND SCHEDULES**

**TOWN OF PRESTON, CONNECTICUT**

**GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
<b>Revenues:</b>				
<b>Property taxes</b>	\$ 8,961,877	\$ 8,961,877	\$ 9,207,560	\$ 245,683
<b>Intergovernmental:</b>				
Education Cost Sharing (ECS)	3,077,693	3,077,693	3,029,202	(48,491)
Mashantucket Pequot Grant	1,180,594	1,180,594	1,183,656	3,062
Pilot for state hospital and property	15,510	15,510	16,402	892
Public transportation	88,429	88,429	86,435	(1,994)
Town Aid Road	199,697	199,697	199,909	212
Youth service bureau grants	17,300	17,300	17,259	(41)
Elderly Tax Grant	20,000	20,000	25,945	5,945
FEMA Grant	-	-	-	-
Telephone/cable access	12,000	12,000	14,099	2,099
Judicial branch	1,500	1,500	4,255	2,755
Veterans Tax Relief	1,000	1,000	1,313	313
Other grants	7,500	7,500	9,579	2,079
Totally disabled	-	-	335	335
DUI enforcement grant	-	-	9,726	9,726
LOCIP	44,833	44,833	-	(44,833)
	<u>4,666,056</u>	<u>4,666,056</u>	<u>4,598,115</u>	<u>(67,941)</u>
<b>Local:</b>				
Incinerator host town agreement	866,272	866,272	866,272	-
Town clerk fees	60,000	60,000	63,806	3,806
MIRA - return of tipping fees	60,000	60,000	58,000	(2,000)
Construction permit fees	30,000	30,000	47,502	17,502
Paper, metal, and transfer station	15,000	15,000	19,220	4,220
Sprint antenna	17,424	17,424	18,150	726
Investment income	3,000	3,000	5,034	2,034
Miscellaneous fees	-	-	6,347	6,347
License and permit fees	2,000	2,000	2,010	10
Other	1,200	1,200	138,610	137,410
Farmland preservation fees	750	750	716	(34)
Historic document fees	750	750	716	(34)
	<u>1,056,396</u>	<u>1,056,396</u>	<u>1,226,383</u>	<u>169,987</u>
<b>Total revenues</b>	<u>\$ 14,684,329</u>	<u>\$ 14,684,329</u>	<u>\$ 15,032,058</u>	<u>\$ 347,729</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>General Government:</b>					
Salaries:					
First Selectman	\$ 71,267	\$ -	\$ 71,267	\$ 71,267	\$ -
Selectmen	13,857	-	13,857	13,857	-
Town Clerk and Tax Collector	51,780	-	51,780	51,780	-
Assistant Town Clerk	56,021	-	56,021	46,366	9,655
Treasurer and assistants	28,032	-	28,032	28,032	-
Administrative assistant/clerical	143,234	(74)	143,160	110,044	33,116
Assessor	35,524	-	35,524	35,524	-
Zoning Enforcement Officer	9,654	-	9,654	9,654	-
Sanitation	18,735	-	18,735	18,020	715
Building Inspector	27,928	74	28,002	28,002	-
Registrar of Voters	12,990	-	12,990	12,990	-
Expenses Board of Selectmen	3,800	-	3,800	3,800	-
School Building Committee	1,400	(458)	942	-	942
Elections	15,950	-	15,950	9,715	6,235
Ethics commission	850	458	1,308	608	700
Mileage, dues, and school meetings	11,791	-	11,791	7,913	3,878
Social security	87,294	-	87,294	79,261	8,033
Pension	121,328	-	121,328	115,351	5,977
Town insurance	140,406	-	140,406	136,324	4,082
Health insurance	337,914	(6,985)	330,929	306,115	24,814
Financial services	22,303	-	22,303	18,119	4,184
Legal fees and services	41,200	1,414	42,614	42,509	105
Engineering services	1,500	13,000	14,500	14,500	-
Legal notices	16,600	(1,414)	15,186	12,177	3,009
Town Hall maintenance	42,680	-	42,680	40,394	2,286
Maintenance, town owned buildings	14,050	-	14,050	13,189	861
Town Hall equipment	20,468	-	20,468	18,357	2,111
Town Hall supplies	19,021	-	19,021	15,944	3,077
Land records and statistics	30,710	-	30,710	29,605	1,105
Data processing	64,745	-	64,745	53,479	11,266
Board of Finance	33,600	-	33,600	18,122	15,478
Cemetery maintenance	500	-	500	-	500
Dog damage	100	-	100	-	100
Unemployment compensation	800	-	800	792	8
Veterans funerals	100	-	100	-	100
	<u>1,498,132</u>	<u>6,015</u>	<u>1,504,147</u>	<u>1,361,810</u>	<u>142,337</u>

(continued on page 46)

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES (CONTINUED)  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Land Development and Control:</b>					
Planning and Zoning	\$ 4,470	\$ (525)	\$ 3,945	\$ 3,312	\$ 633
Zoning Board of Appeals	300	525	825	750	75
Town and Regional Planning	42,956	-	42,956	42,458	498
Board of Tax Review	400	-	400	-	400
Economic Development	2,255	-	2,255	2,244	11
Inland Wetlands	9,542	-	9,542	8,804	738
Conservation Commission	2,475	-	2,475	1,055	1,420
Eastern Connecticut Conservation District	500	-	500	500	-
	<u>62,898</u>	<u>-</u>	<u>62,898</u>	<u>59,123</u>	<u>3,775</u>
<b>Public Works:</b>					
Salaries, public works	272,978	-	272,978	256,130	16,848
Highway maintenance	63,153	20,000	83,153	82,296	857
Town aid road	199,697	-	199,697	199,697	-
Highway equipment	8,000	-	8,000	7,800	200
Town garage	8,450	900	9,350	9,327	23
Gasoline and diesel	47,726	(900)	46,826	36,020	10,806
	<u>600,004</u>	<u>20,000</u>	<u>620,004</u>	<u>591,270</u>	<u>28,734</u>
<b>Public Safety:</b>					
Preston City Fire Department	174,786	-	174,786	169,377	5,409
Fire Chief/EMT expenses	192,870	5,395	198,265	182,622	15,643
Fire alarm systems	2,000	-	2,000	2,000	-
Police protection	233,900	11,500	245,400	235,801	9,599
Animal control officer	22,258	-	22,258	22,258	-
Public Safety Committee	550	-	550	-	550
	<u>626,364</u>	<u>16,895</u>	<u>643,259</u>	<u>612,058</u>	<u>31,201</u>
<b>Health Services:</b>					
Public health services	21,197	-	21,197	21,138	59
Health Director	6,120	-	6,120	6,120	-
Transfer station and fees, net	95,515	-	95,515	91,180	4,335
Waste disposal	450	-	450	375	75
Food inspections	4,200	-	4,200	3,668	532
	<u>127,482</u>	<u>-</u>	<u>127,482</u>	<u>122,481</u>	<u>5,001</u>
<b>Public and Social Services:</b>					
Parks and recreation	78,972	-	78,972	78,539	433
Youth Services Bureau	31,300	-	31,300	30,857	443
Senior Affairs	83,460	-	83,460	81,056	2,404
Preston Public Library	177,239	-	177,239	174,866	2,373
T.V.C.C.A.	1,000	-	1,000	1,000	-
Literacy volunteers	1,000	-	1,000	1,000	-
Sexual Assault Crisis Center	100	-	100	100	-
Women's Center of SE CT	300	-	300	300	-
	<u>373,371</u>	<u>-</u>	<u>373,371</u>	<u>367,718</u>	<u>5,653</u>

(continued on page 47)

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES (CONTINUED)  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<b>Miscellaneous:</b>					
Council of Small Towns	\$ 750	\$ -	\$ 750	\$ 725	\$ 25
CT Conference of Municipalities	3,400	-	3,400	3,362	38
Bates Foundation	60	-	60	-	60
Policy/procedure/fixed assets	1,500	-	1,500	527	973
Capital improvements	7,500	-	7,500	4,945	2,555
Environmental monitoring	750	-	750	750	-
Public street lighting	8,100	1,590	9,690	9,574	116
Water Commission	1,000	-	1,000	-	1,000
Former state hospital state property redevelopment	202,850	-	202,850	148,179	54,671
Future capital projects	100,000	-	100,000	100,000	-
Matching grants	21,000	59,000	80,000	80,000	-
Playground	-	28,000	28,000	28,000	-
Grant expense	-	1,500	1,500	153	1,347
Historical restoration	-	-	-	9,269	(9,269)
LOCIP	44,833	-	44,833	-	44,833
	<u>391,743</u>	<u>90,090</u>	<u>481,833</u>	<u>385,484</u>	<u>96,349</u>
<b>Debt Service:</b>					
New school debt	366,376	-	366,376	366,375	1
Town 5 year capital projects	57,396	-	57,396	57,395	1
Preston Riverwalk loan	65,000	19,500	84,500	84,500	-
Board of Education 15 year capital projects	93,893	-	93,893	93,893	-
General government 15 year capital projects	86,670	-	86,670	86,670	-
	<u>669,335</u>	<u>19,500</u>	<u>688,835</u>	<u>688,833</u>	<u>2</u>
<b>Education</b>	<u>10,850,000</u>	<u>-</u>	<u>10,850,000</u>	<u>10,688,038</u>	<u>161,962</u>
<b>Total expenditures</b>	<u>\$ 15,199,329</u>	<u>\$ 152,500</u>	<u>\$ 15,351,829</u>	<u>\$ 14,876,815</u>	<u>\$ 475,014</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2015

	Special Revenue Funds	Capital Project Fund - Local Capital Improvement Fund	Permanent Funds	Debt Service Fund	Total
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 408,313	\$ 45,531	\$ 30,212	\$ -	\$ 484,056
Receivables	403,318	41,990	-	-	445,308
Prepaid expenses	658	-	-	-	658
Inventory	2,929	-	-	-	2,929
Due from other funds	6,955	-	-	133,950	140,905
<b>Total assets</b>	<b>\$ 822,173</b>	<b>\$ 87,521</b>	<b>\$ 30,212</b>	<b>\$ 133,950</b>	<b>\$ 1,073,856</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ 27,196	\$ 8,125	\$ -	\$ -	\$ 35,321
Unearned revenue	93,664	41,990	-	-	135,654
Due to other funds	24,556	-	350	-	24,906
<b>Total liabilities</b>	<b>145,416</b>	<b>50,115</b>	<b>350</b>	<b>-</b>	<b>195,881</b>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable - receivables	386,550	-	-	-	386,550
<b><u>Fund Balances</u></b>					
Nonspendable	3,587	-	25,464	-	29,051
Restricted	17,766	37,406	-	-	55,172
Assigned	268,854	-	4,398	133,950	407,202
<b>Total fund balances</b>	<b>290,207</b>	<b>37,406</b>	<b>29,862</b>	<b>133,950</b>	<b>491,425</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 822,173</b>	<b>\$ 87,521</b>	<b>\$ 30,212</b>	<b>\$ 133,950</b>	<b>\$ 1,073,856</b>

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds	Capital Project Fund - Local Capital Improvement Fund	Permanent Funds	Debt Service Fund	<b>Total</b>
<b>Revenues:</b>					
Intergovernmental	\$ 370,126	\$ 32,062	\$ -	\$ -	\$ 402,188
Local	237,620	-	88	15,776	253,484
<b>Total revenues</b>	<u>607,746</u>	<u>32,062</u>	<u>88</u>	<u>15,776</u>	<u>655,672</u>
<b>Expenditures:</b>					
Current expenditures:					
Public safety	9,355	-	-	-	9,355
Health services	1,526	-	-	-	1,526
Public and social services	443,822	74,770	-	-	518,592
Education	477,648	-	300	-	477,948
<b>Total expenditures</b>	<u>932,351</u>	<u>74,770</u>	<u>300</u>	<u>-</u>	<u>1,007,421</u>
<b>Excess of revenues over (under) expenditures</b>	(324,605)	(42,708)	(212)	15,776	(351,749)
<b>Other financing sources (uses):</b>					
Transfers in (out)	51,200	-	(4)	55,955	107,151
<b>Net change in fund balances</b>	(273,405)	(42,708)	(216)	71,731	(244,598)
<b>Fund balances, beginning of year</b>	<u>563,612</u>	<u>80,114</u>	<u>30,078</u>	<u>62,219</u>	<u>736,023</u>
<b>Fund balances, end of year</b>	<u>\$ 290,207</u>	<u>\$ 37,406</u>	<u>\$ 29,862</u>	<u>\$ 133,950</u>	<u>\$ 491,425</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

	Education Grants	School Lunch Fund	Dog Fund	Winter Energy Plan	Small Cities Fund	Seniors' Health Fund	Parks and Recreation
<b>Assets</b>							
Cash and cash equivalents	\$ 89,128	\$ 13,765	\$ 8,119	\$ 8,829	\$ 50,111	\$ -	\$ 43,318
Receivables	-	16,768	-	-	386,550	-	-
Prepaid expenses	-	-	-	-	-	-	658
Inventory	-	2,929	-	-	-	-	-
Due from other funds	4,391	-	2,557	-	-	-	-
<b>Total assets</b>	<b>\$ 93,519</b>	<b>\$ 33,462</b>	<b>\$ 10,676</b>	<b>\$ 8,829</b>	<b>\$ 436,661</b>	<b>\$ -</b>	<b>\$ 43,976</b>
<b>Liabilities</b>							
Accounts payable	\$ 10,762	\$ 6,446	\$ 2,978	\$ -	\$ 5,000	\$ -	\$ -
Unearned revenue	51,769	-	-	-	21,000	-	20,895
Due to other funds	14,088	10,451	-	7	-	-	-
<b>Total liabilities</b>	<b>76,619</b>	<b>16,897</b>	<b>2,978</b>	<b>7</b>	<b>26,000</b>	<b>-</b>	<b>20,895</b>
<b>Deferred Inflows of Resources</b>							
Unavailable - receivables	-	-	-	-	386,550	-	-
<b>Fund Balances</b>							
Nonspendable	-	2,929	-	-	-	-	658
Restricted	16,900	-	866	-	-	-	-
Assigned	-	13,636	6,832	8,822	24,111	-	22,423
<b>Total fund balances</b>	<b>16,900</b>	<b>16,565</b>	<b>7,698</b>	<b>8,822</b>	<b>24,111</b>	<b>-</b>	<b>23,081</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 93,519</b>	<b>\$ 33,462</b>	<b>\$ 10,676</b>	<b>\$ 8,829</b>	<b>\$ 436,661</b>	<b>\$ -</b>	<b>\$ 43,976</b>

(continued on page 51)

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET (CONTINUED)  
 JUNE 30, 2015

	Food Bank Fund	Various Cemetery	Bates Fountain	EMS Capital Improvement Fund	Youth Services	Education Scholarships	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 3,148	\$ 22,584	\$ 2,451	\$ 141,609	\$ 4,884	\$ 20,367	\$ 408,313
Receivables	-	-	-	-	-	-	403,318
Prepaid expenses	-	-	-	-	-	-	658
Inventory	-	-	-	-	-	-	2,929
Due from other funds	-	7	-	-	-	-	6,955
<b>Total assets</b>	<u>\$ 3,148</u>	<u>\$ 22,591</u>	<u>\$ 2,451</u>	<u>\$ 141,609</u>	<u>\$ 4,884</u>	<u>\$ 20,367</u>	<u>\$ 822,173</u>
<b>Liabilities</b>							
Accounts payable	\$ 1,176	\$ -	\$ -	\$ -	\$ 834	\$ -	\$ 27,196
Unearned revenue	-	-	-	-	-	-	93,664
Due to other funds	-	10	-	-	-	-	24,556
<b>Total liabilities</b>	<u>1,176</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>834</u>	<u>-</u>	<u>145,416</u>
<b>Deferred Inflows of Resources</b>							
Unavailable - receivables	-	-	-	-	-	-	386,550
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	3,587
Restricted	-	-	-	-	-	-	17,766
Assigned	1,972	22,581	2,451	141,609	4,050	20,367	268,854
<b>Total fund balances</b>	<u>1,972</u>	<u>22,581</u>	<u>2,451</u>	<u>141,609</u>	<u>4,050</u>	<u>20,367</u>	<u>290,207</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 3,148</u>	<u>\$ 22,591</u>	<u>\$ 2,451</u>	<u>\$ 141,609</u>	<u>\$ 4,884</u>	<u>\$ 20,367</u>	<u>\$ 822,173</u>

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Education Grants	School Lunch Fund	Dog Fund	Winter Energy Plan	Small Cities Fund	Seniors' Health Fund	Parks and Recreation
<b>Revenues:</b>							
Intergovernmental	\$ 296,353	\$ 71,488	\$ -	\$ -	\$ -	\$ -	\$ -
Local	-	71,327	5,324	-	92	1	87,295
<b>Total revenues</b>	<u>296,353</u>	<u>142,815</u>	<u>5,324</u>	<u>-</u>	<u>92</u>	<u>1</u>	<u>87,295</u>
<b>Expenditures:</b>							
Current expenditures:							
Public safety	-	-	9,355	-	-	-	-
Health services	-	-	-	-	-	350	-
Public and social services	-	-	-	-	320,002	-	112,702
Education	295,767	181,881	-	-	-	-	-
<b>Total expenditures</b>	<u>295,767</u>	<u>181,881</u>	<u>9,355</u>	<u>-</u>	<u>320,002</u>	<u>350</u>	<u>112,702</u>
<b>Excess of revenues over (under) expenditures</b>	586	(39,066)	(4,031)	-	(319,910)	(349)	(25,407)
<b>Other financing sources (uses):</b>							
Transfers in (out)	-	45,000	6,200	5,744	-	(5,744)	-
<b>Net change in fund balances</b>	586	5,934	2,169	5,744	(319,910)	(6,093)	(25,407)
<b>Fund balances, beginning of year</b>	16,314	10,631	5,529	3,078	344,021	6,093	48,488
<b>Fund balances, end of year</b>	<u>\$ 16,900</u>	<u>\$ 16,565</u>	<u>\$ 7,698</u>	<u>\$ 8,822</u>	<u>\$ 24,111</u>	<u>\$ -</u>	<u>\$ 23,081</u>

(continued on page 53)

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**(CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Food Bank Fund	Various Cemetery	Bates Fountain	EMS Capital Improvement Fund	Youth Services	Education Scholarships	<b>Total</b>
<b>Revenues:</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,285	\$ -	\$ 370,126
Local	1,325	611	1	60,011	11,633	-	237,620
<b>Total revenues</b>	<u>1,325</u>	<u>611</u>	<u>1</u>	<u>60,011</u>	<u>13,918</u>	<u>-</u>	<u>607,746</u>
<b>Expenditures:</b>							
Current expenditures:							
Public safety	-	-	-	-	-	-	9,355
Health services	1,176	-	-	-	-	-	1,526
Public and social services	-	50	-	-	11,068	-	443,822
Education	-	-	-	-	-	-	477,648
<b>Total expenditures</b>	<u>1,176</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>11,068</u>	<u>-</u>	<u>932,351</u>
<b>Excess of revenues over (under) expenditures</b>	149	561	1	60,011	2,850	-	(324,605)
<b>Other financing sources (uses):</b>							
Transfers in (out)	-	-	-	-	-	-	51,200
<b>Net change in fund balances</b>	149	561	1	60,011	2,850	-	(273,405)
<b>Fund balances, beginning of year</b>	<u>1,823</u>	<u>22,020</u>	<u>2,450</u>	<u>81,598</u>	<u>1,200</u>	<u>20,367</u>	<u>563,612</u>
<b>Fund balances, end of year</b>	<u>\$ 1,972</u>	<u>\$ 22,581</u>	<u>\$ 2,451</u>	<u>\$ 141,609</u>	<u>\$ 4,050</u>	<u>\$ 20,367</u>	<u>\$ 290,207</u>

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**PERMANENT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	Brewster Cemetery	Downing Library	Educational Fund Various Scholarships	<b>Total</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 7,090	\$ 1,029	\$ 22,093	\$ 30,212
<b>Total assets</b>	<b>\$ 7,090</b>	<b>\$ 1,029</b>	<b>\$ 22,093</b>	<b>\$ 30,212</b>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Due to other funds	\$ 350	\$ -	\$ -	\$ 350
<b>Total liabilities</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>350</b>
<b>Fund Balances:</b>				
Nonspendable	6,265	1,029	18,170	25,464
Assigned	475	-	3,923	4,398
<b>Total fund balances</b>	<b>6,740</b>	<b>1,029</b>	<b>22,093</b>	<b>29,862</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,090</b>	<b>\$ 1,029</b>	<b>\$ 22,093</b>	<b>\$ 30,212</b>

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**PERMANENT FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Brewster Cemetery	Downing Library	Educational Fund Various Scholarships	<b>Total</b>
<b>Revenues:</b>				
Local	\$ 84	\$ 4	\$ -	\$ 88
<b>Total revenues</b>	<u>84</u>	<u>4</u>	<u>-</u>	<u>88</u>
<b>Expenditures:</b>				
Education	-	-	300	300
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
<b>Excess of revenues over expenditures</b>	<u>84</u>	<u>4</u>	<u>(300)</u>	<u>(212)</u>
<b>Other financing sources (uses):</b>				
Transfers in (out)	-	(4)	-	(4)
<b>Net change in fund balances</b>	84	-	(300)	(216)
<b>Fund balances, beginning of year</b>	<u>6,656</u>	<u>1,029</u>	<u>22,393</u>	<u>30,078</u>
<b>Fund balances, end of year</b>	<u>\$ 6,740</u>	<u>\$ 1,029</u>	<u>\$ 22,093</u>	<u>\$ 29,862</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

AGENCY FUND  
STUDENT ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2015

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Assets:</b>				
Cash	\$ 6,120	\$ 40,526	\$ (36,929)	\$ 9,717
Other receivables	-	100	-	100
<b>Total assets</b>	<u>\$ 6,120</u>	<u>\$ 40,626</u>	<u>\$ (36,929)</u>	<u>\$ 9,817</u>
<b>Liabilities:</b>				
Due to student groups	\$ 6,120	\$ 40,626	\$ (36,979)	\$ 9,767
Accounts payable	-	-	50	50
<b>Total liabilities</b>	<u>\$ 6,120</u>	<u>\$ 40,626</u>	<u>\$ (36,929)</u>	<u>\$ 9,817</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

CAPITAL AND NONRECURRING FUND  
SCHEDULE OF CHANGES IN FUND BALANCE BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Other Revenues</u>	<u>Internal Transfers</u>	<u>Transfers Out</u>	<u>Annual Expenditures</u>	<u>Ending Balance</u>
<b>Restricted fund balance:</b>							
Open Space	\$ 256,650	\$ -	\$ 246,511	\$ -	\$ -	\$ (449,648)	\$ 53,513
<b>Total restricted fund balance</b>	<u>256,650</u>	<u>-</u>	<u>246,511</u>	<u>-</u>	<u>-</u>	<u>(449,648)</u>	<u>53,513</u>
<b>Committed fund balance:</b>							
<i>General government:</i>							
<i>Vehicles and equipment:</i>							
Fire protection clothing	3,168	-	-	-	-	-	3,168
Foreman's truck	2,171	-	-	-	-	-	2,171
Additional compactor (1)	20,000	-	-	-	-	-	20,000
Board of Finance contingency (1)	2,000	-	-	-	-	-	2,000
<i>Other:</i>							
Town Clerk	24,600	-	2,148	-	-	-	26,748
<i>Board of Education:</i>							
<i>Vehicles and equipment:</i>							
Responder units	29	-	-	-	-	-	29
Playground	400	28,000	-	-	-	(28,000)	400
<b>Total committed fund balance</b>	<u>52,368</u>	<u>28,000</u>	<u>2,148</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>	<u>54,516</u>
<b>Assigned fund balance:</b>							
Assigned to future projects	185,532	100,000	-	-	-	(97,575)	187,957
<b>Total assigned fund balance</b>	<u>185,532</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,575)</u>	<u>187,957</u>
<b>Total fund balance</b>	<u>\$ 494,550</u>	<u>\$ 128,000</u>	<u>\$ 248,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (575,223)</u>	<u>\$ 295,986</u>

(1) Approved September 4, 2004, town meeting. The Board of Finance may transfer unspent portions to other projects as long as the amended budget for the specific project is not more than 10% over the original balances.

**TOWN OF PRESTON, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES SECTION 7.374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Total tax collections including interest and  
 lien fees for the year ended June 30, 2015 \$ 9,193,230

Reimbursement for revenue loss on:  
 Tax relief for elderly (CGS 12-129d) 25,945

Base \$ 9,219,175

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<b>Debt Limitation:</b>					
2 1/4 times base	\$ 20,743,144	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	41,486,288	-	-	-
3 3/4 times base	-	-	34,571,906	-	-
3 1/4 times base	-	-	-	29,962,319	-
3 times base	-	-	-	-	<u>27,657,525</u>
<b>Total debt limitation</b>	<u>20,743,144</u>	<u>41,486,288</u>	<u>34,571,906</u>	<u>29,962,319</u>	<u>27,657,525</u>
<b>Indebtedness:</b>					
School refunding bonds	-	1,460,000	-	-	-
Capital projects	1,788,000	675,000	-	-	-
State loan payable	2,000,000	-	-	-	-
Bond anticipation notes	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total indebtedness</b>	<u>5,788,000</u>	<u>2,135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of outstanding and authorized debt</b>	<u><u>\$ 14,955,144</u></u>	<u><u>\$ 39,351,288</u></u>	<u><u>\$ 34,571,906</u></u>	<u><u>\$ 29,962,319</u></u>	<u><u>\$ 27,657,525</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipt from taxation.

See accompanying Independent Auditors' Report.

**TOWN OF PRESTON, CONNECTICUT**

**REPORT OF THE TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Grand List October 1,</b>	<b>Taxes Receivable July 1, 2014</b>	<b>Lawful Corrections</b>		<b>Suspense Transfers</b>	<b>Adjusted Taxes Receivable</b>	<b>Collections</b>			<b>Taxes Receivable June 30, 2015</b>
		<b>Additions</b>	<b>Deductions</b>			<b>Taxes</b>	<b>Interest and Liens</b>	<b>Total</b>	
2013	\$ 9,144,432	\$ 6,829	\$ 35,814	\$ -	\$ 9,115,447	\$ 8,938,828	\$ 38,025	\$ 8,976,853	\$ 176,619
2012	198,717	1,140	7,074	-	192,783	139,542	31,882	171,424	53,241
2011	47,985	-	1,233	-	46,752	27,790	8,110	35,900	18,962
2010	6,518	10,854	1,288	-	16,084	2,021	938	2,959	14,063
2009	91	7,894	349	-	7,636	117	84	201	7,519
2008	152	8,132	-	-	8,284	97	91	188	8,187
2007	(342)	11,184	-	-	10,842	750	848	1,598	10,092
2006	(13)	17,772	179	-	17,580	811	1,071	1,882	16,769
2005	1,593	18,930	877	-	19,646	880	1,345	2,225	18,766
2004	2,212	6,721	80	-	8,853	-	-	-	8,853
2003	241	10,087	320	-	10,008	-	-	-	10,008
2002	(591)	13,971	-	-	13,380	-	-	-	13,380
2001	(20)	7,898	42	-	7,836	-	-	-	7,836
2000	(837)	3,569	277	-	2,455	-	-	-	2,455
1999	(544)	2,946	-	-	2,402	-	-	-	2,402
	<u>\$ 9,399,594</u>	<u>\$ 127,927</u>	<u>\$ 47,533</u>	<u>\$ -</u>	<u>\$ 9,479,988</u>	<u>\$ 9,110,836</u>	<u>\$ 82,394</u>	<u>\$ 9,193,230</u>	<u>\$ 369,152</u>

See accompanying Independent Auditors' Report.