



Town of Preston
2016 Annual Report

For the Fiscal Year Ended June 30, 2015

FINAL
Last Change
August 21, 2016

In December 2015 the Town's auditor, Sandra E. Welwood, LLC, Certified Public Accountants, completed its audit of the Town's financial statements for the year ending June 30, 2015 (FY2015) and shortly thereafter met with the Board of Finance to present and explain the results of that audit.

AUDIT SUMMARY

In her presentation to the Board of Finance, the auditor noted that no audit adjustments were needed and she praised the cooperation of Town Treasurer Sue Nysten, Finance Director John Spang, and all Town personnel involved.

Preston remains financially healthy with a Standard & Poor's rating of AA+. This high rating allows the Town to borrow money at lower interest rates than towns with a lower rating.

The Town ended FY2015 with an unassigned General Fund Balance (surplus) of \$2,879,784. This is an increase over the previous year because Town revenues exceeded expenses. The fund balance is 19% of FY2015 expenditures and provides a healthy reserve for unanticipated needs.

The following pages present more detailed data extracted from that audit report. The full audit report is available for review in the Town Hall and can be downloaded on the Town web site at

<http://www.preston-ct.org/index.php/government/boards-aamp-commissions/board-of-finance/budget-history>

Table 1 is a summary of the actual revenues and expenses for FY2015. It shows that actual revenues exceeded expenses for the year by \$155,243.

TABLE 1
General Fund – Fiscal Year 2015 Summary

| Fiscal Year July 1, 2014 to June 30, 2015 | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| 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 | 1,056,3 | 1,226,383 | 169,687 |
| Total revenues | 14,684,329 | 14,684,329 | 15,032,058 | 347,729 |
| Expenditures: | | | | |
| 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 |
| Total expenditures | 15,199,329 | 15,351,829 | 14,876,815 | 475,014 |
| Revenues minus Expenditures | \$ (515,000) | \$ (667,500) | 155,243 | 822,743 |

FY2015 results were favorable for both revenues and expenditures versus the budget. Both the Board of Selectmen and the Board of Education returned unspent budget funds to the Town. The budget anticipated using \$667,500 from the surplus to balance the budget. However, as Table 1 shows, surplus funds were not needed and the surplus balance actually increased by \$155,243.

The additional revenues shown were due to an insurance payment from the PVMS oil spill claim, better than expected payment of back taxes, and increased building permit fees.

The final expense budget was \$152,500 higher than the original budget due to mid-year appropriations approved by the Board of Finance.

Table 2 reports the end-of-year balance of the major governmental funds. To fully understand this table and narrative some definitions may be helpful:

The General Fund is the fund that holds Town operating revenues and from which expenses are paid. The day-to-day operation of the schools, public works, and Town hall are paid from this fund. It is also the repository of taxes paid and any state grants received.

The Capital and Non-Recurring Fund is a fund established by the Board of Finance to pay for unplanned one-time projects that are not included in the annual budget. It includes excess funds from completed capital projects and funds added by the Board of Finance.

The Capital Projects Fund holds funds for ongoing capital projects that have been approved and funded.

The Preston Redevelopment Agency Fund (PRA) was created to segregate funds received as State or Federal grants to be used exclusively to abate, mediate and demolish buildings and develop the former Norwich State Hospital site.

Other Funds are a collection of small funds that are maintained by the Town, such as: various cemetery funds, dog fund, Bates Fountain fund, EMS capital fund, and several others.

TABLE 2
Balance Sheet of June 30, 2015

| | General Fund | Capital and Nonrecurring Fund | Capital Projects Fund | PRA and Other Funds | Total |
|-------------------------------------|---------------------|-------------------------------------|-----------------------------|------------------------|---------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 4,154,258 | \$ 82,673 | \$ 736,041 | \$ 1,359,445 | \$ 6,332,417 |
| Receivables | 873,885 | | | 676,317 | 1,550,202 |
| Other Assets | 313,666 | 218,388 | 536 | 144,492 | 677,082 |
| Total assets | \$ 5,341,809 | \$ 301,061 | \$ 736,577 | \$ 2,180,254 | \$ 8,559,701 |
| Liabilities | | | | | |
| Accounts payable | \$ 634,310 | \$ 5,075 | | 35,321 | \$ 674,706 |
| Accrued expenses | 71,264 | | | | 71,264 |
| Bond anticipation notes | | | | 2,000,000 | 2,000,000 |
| Other Liabilities | 669,236 | | | 1,150,729 | 1,819,965 |
| Total liabilities | 1,374,810 | 5,075 | | 3,186,050 | 4,565,935 |
| Deferred Inflows of Revenues | | | | | |
| Receivables / Taxes | 308,968 | | | 386,550 | 695,518 |
| Fund Balances | | | | | |
| 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 |
| Total fund balances | 3,658,031 | 295,986 | 736,577 | (1,392,346) | 3,298,248 |

Table 2 Fund Balance categories:

Non-spendable –amount that is encumbered, such as long-term payables.

Restricted –amount that can be spent only for the specific purposes stipulated by the providers.

Committed –amount that can be used only for specific purposes approved by a Town Meeting.

Assigned –amount intended by the Board of Finance to be used for specific purposes but is not restricted or committed.

Unassigned – fund balance amount remaining in the General Fund that is spendable.

The Preston Redevelopment Agency unassigned fund balance deficit represents a loan balance that must be paid down or rolled over annually.

Table 3 is the annual report of the Tax Collector. The taxes paid to support the FY2015 budget are based on the October 2013 Grand List. The collection of back taxes and lien fees added \$172,008 to the taxes collected.

TABLE 3
Report of the Tax Collector for the Year Ended June 30, 2015

| Grand List October 1, | Taxes | Lawful Corrections | | Suspense Transfers | Adjusted | Collections | | | Taxes |
|--------------------------|----------------------------|--------------------|------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------------|
| | Receivable July 1, 2014 | Additions | Deductions | | Taxes | Taxes | Interest and Liens | Total | Receivable June 30, 2015 |
| 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> |

The Board of Selectmen, Board of Education, and every Town department should be congratulated for their contributions to making FY2015 another fiscally positive year for Preston.

Board of Finance

*Norman Gauthier, Chairman, Ken Zachem, Jerry Grabarek, Andrew Bilodeau,
David Cannon, Melissa Lennon, Stacey Becker - Alternate, Robert Tousignant - Alternate*