

TOWN OF PRESTON, CONNECTICUT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

with

SUPPLEMENTAL STATEMENTS AND SCHEDULES

and

INDEPENDENT AUDITORS' REPORT

Sandra E. Welwood, LLC
Certified Public Accountants

TOWN OF PRESTON, CONNECTICUT

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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, 2017, 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, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 8, and the required supplementary information on pages 42 through 44, 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 General Fund budgetary comparison detail schedules, 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 General Fund budgetary comparison detail schedules, 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 General Fund budgetary comparison detail schedules, 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 November 6, 2017, 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
November 6, 2017

TOWN OF PRESTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2017

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, 2017. 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 \$125,269 to \$13,429,772 from last year.
- The Town's Fund Balances (short-term health) decreased by \$347,991 to \$2,914,380 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)

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 net position increased by \$125,269 from \$13,304,503 to \$13,429,772. 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		Total % Change
	2017	2016	
<u>Assets</u>			
Current and other assets	\$ 6,703,624	\$ 7,731,062	-13.3%
Capital assets	<u>16,076,559</u>	<u>16,000,432</u>	0.5%
Total assets	<u>22,780,183</u>	<u>23,731,494</u>	-4.0%
<u>Deferred Outflows of Resources</u>	<u>281,035</u>	<u>129,185</u>	117.5%
<u>Liabilities</u>			
Long-term debt	6,428,784	6,626,066	-3.0%
Other liabilities	<u>3,202,662</u>	<u>3,930,110</u>	-18.5%
Total liabilities	<u>9,631,446</u>	<u>10,556,176</u>	-8.8%
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	0.0%
<u>Net Position</u>			
Net investment in capital assets	9,433,236	8,610,505	9.6%
Restricted:			
Expendable	87,077	78,072	11.5%
Nonexpendable	25,464	25,464	0.0%
Unrestricted	<u>3,883,995</u>	<u>4,590,462</u>	-15.4%
Total net position	<u>\$ 13,429,772</u>	<u>\$ 13,304,503</u>	0.9%

	Change in Net Position		Total % Change
	2017	2016	
<u>Revenues</u>			
Program revenues:			
Charges for services	\$ 415,287	\$ 374,559	10.9%
Operating grants and contributions	5,338,844	5,666,845	-5.8%
Capital grants and contributions	198,389	889,923	-77.7%
General revenues:			
Property taxes	9,570,224	9,137,979	4.7%
Grants and contributions	2,237,980	2,285,317	-2.1%
Interest and investment earnings	12,390	10,995	12.7%
Other	<u>34,244</u>	<u>51,746</u>	-33.8%
Total revenues	<u>17,807,358</u>	<u>18,417,364</u>	-3.3%
<u>Expenses</u>			
General government	1,378,934	1,662,011	-17.0%
Public works	635,796	754,711	-15.8%
Public safety	638,585	774,144	-17.5%
Health services	143,128	18,846	659.5%
Public and social services	578,919	1,224,351	-52.7%
Property redevelopment	115,381	863,725	-86.6%
Education	13,948,601	12,980,243	7.5%
Interest on long-term debt	<u>242,745</u>	<u>129,989</u>	86.7%
Total expenses	<u>17,682,089</u>	<u>18,408,020</u>	-3.9%
Change in net position	<u>\$ 125,269</u>	<u>\$ 9,344</u>	1240.6%

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

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 \$2,914,380, a decrease of \$347,991 from the prior year:

<u>Ending Fund Balance as of:</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
General Fund	\$ 3,650,402	\$ 3,421,075	\$ 229,327
Capital and Nonrecurring Fund	398,589	402,097	(3,508)
Capital Projects Fund	196,700	655,791	(459,091)
Preston Redevelopment Agency Fund	(1,769,135)	(1,847,640)	78,505
Other Funds	<u>437,824</u>	<u>631,048</u>	<u>(193,224)</u>
Total	<u>\$ 2,914,380</u>	<u>\$ 3,262,371</u>	<u>\$ (347,991)</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 \$2,983,163. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to expenditures. Unassigned General Fund balance represents 19.6% of total General Fund expenditures (on a budgetary basis) in the current fiscal year.

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

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	\$ 9,289,798	\$ 9,552,669	\$ 262,871
Intergovernmental	4,505,027	4,413,371	(91,656)
Local	<u>1,174,890</u>	<u>1,250,338</u>	<u>75,448</u>
	<u>14,969,715</u>	<u>15,216,378</u>	<u>246,663</u>
<u>Expenditures</u>			
General government	3,690,393	3,344,231	346,162
Education	11,218,250	11,084,759	133,491
Debt service expenditures	<u>801,072</u>	<u>801,072</u>	<u>-</u>
	<u>15,709,715</u>	<u>15,230,062</u>	<u>479,653</u>
Increase (decrease) in budgetary fund balance	<u>\$ (740,000)</u>	<u>\$ (13,684)</u>	<u>\$ 726,316</u>

The General Fund was budgeted to spend \$740,000 more than revenues. In fact, the General Fund revenues were \$246,663 higher than expected and the expenditures were \$479,653 lower than expected. Instead of using \$740,000 of the Fund Balance, the Town used \$13,684 (budgetary basis) of the Fund Balance. This is a \$726,316 favorable swing. Significant variances are summarized as follows:

- Property taxes were \$262,871 better than budget because back taxes and related interest collected were greater than anticipated.
- Local revenues were \$75,448 better than budget as the result of receiving unanticipated revenues.
- All budget categories expended less than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$16,076,559 in capital assets. This amount represents a net increase (including additions and deductions) of \$76,127 from last year. The Town capitalized \$898,954 of assets and recorded depreciation expense of \$822,827. 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 \$4,840,000 in bonds and loans outstanding. This is a decrease of \$545,000 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 2017-18 fiscal year end budget and tax rates.

The Town worked to keep the General Government budget increase as low as possible. The General Government budget decrease for 2017-18 is 1.5% or \$53,119 lower than 2016-17.

The 2017-18 Education budget was passed with an increase of 3.5% or \$392,639 over the prior year.

In total, the Town is anticipating using \$375,000 of its Unassigned Fund Balance to balance the 2017-18 budget, while approving a mil rate of 24.0. This is an increase from the 2016-17 mil rate of 23.75. After using \$375,000 of its Unassigned Fund Balance to balance the budget, the Town is expecting to have Unassigned Fund Balance of \$2,608,163 which is equal to 16.2% of the approved 2017-18 budgeted expenditures.

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, 2017**

<u>Assets</u>	
Cash and cash equivalents	\$ 4,979,784
Receivables:	
Taxes, interest, and lien fees	375,913
Intergovernmental	13,500
Other	683,192
Restricted cash	269,967
Prepaid expenses	1,058
Inventory	4,712
Loans receivable, long-term	375,498
Capital assets:	
Capital assets, not being depreciated	2,586,764
Capital assets, net of accumulated depreciation	<u>13,489,795</u>
Total assets	<u>22,780,183</u>
<u>Deferred Outflows of Resources</u>	
Pension contributions subsequent to measurement date	96,129
Pension change in projected and actual investment earnings	<u>184,906</u>
Total deferred outflows of resources	<u>281,035</u>
<u>Liabilities</u>	
Accounts payable	747,227
Accrued expenses	3,192
Due to others	286,695
Accrued interest	46,313
Unearned revenue	262,763
Pension contribution payable	56,472
Bond anticipation notes	1,800,000
Noncurrent liabilities:	
Due within one year	683,636
Due in more than one year	<u>5,745,148</u>
Total liabilities	<u>9,631,446</u>
<u>Net Position</u>	
Net investment in capital assets	9,433,236
Restricted for enabling legislation:	
Nonexpendable	25,464
Expendable	87,077
Unrestricted	<u>3,883,995</u>
Total net position	<u>\$ 13,429,772</u>

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, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ (1,378,934)	\$ 170,971	\$ -	\$ 16,842	\$ (1,191,121)
Public works	(635,796)	74,004	199,827	92,013	(269,952)
Public safety	(638,585)	-	-	-	(638,585)
Health services	(143,128)	-	-	-	(143,128)
Public and social services	(578,919)	81,884	33,310	-	(463,725)
Property redevelopment	(115,381)	1,796	-	89,534	(24,051)
Education	(13,948,601)	86,632	5,105,707	-	(8,756,262)
Interest on long-term debt	(242,745)	-	-	-	(242,745)
Total governmental activities	\$ (17,682,089)	\$ 415,287	\$ 5,338,844	\$ 198,389	(11,729,569)
General Revenues:					
Property taxes, interest, liens, and payments in lieu of taxes					9,570,224
Grants and contributions not restricted to specific programs					2,237,980
Interest and investment earnings					12,390
Other					34,244
Total general revenues					11,854,838
Change in net position					125,269
Net position, beginning of year					13,304,503
Net position, end of year					\$ 13,429,772

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

TOWN OF PRESTON, CONNECTICUT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Preston Re-development Agency Fund	Other Funds	Total
Assets						
Cash and cash equivalents	\$ 4,189,571	\$ 75,143	\$ 196,164	\$ 71,229	\$ 447,677	\$ 4,979,784
Receivables	959,175	-	-	99,514	389,414	1,448,103
Due from other funds	194,336	323,446	536	122	283,833	802,273
Restricted cash	269,967	-	-	-	-	269,967
Prepaid expenses	-	-	-	-	1,058	1,058
Inventory	-	-	-	-	4,712	4,712
Total assets	\$ 5,613,049	\$ 398,589	\$ 196,700	\$ 170,865	\$ 1,126,694	\$ 7,505,897
Liabilities						
Accounts payable	\$ 715,660	\$ -	\$ -	\$ -	\$ 31,567	\$ 747,227
Accrued expenses	3,192	-	-	-	-	3,192
Unearned revenue	35,294	-	-	140,000	87,469	262,763
Bond anticipation notes	-	-	-	1,800,000	-	1,800,000
Due to other funds	607,937	-	-	-	194,336	802,273
Due to others	286,695	-	-	-	-	286,695
Total liabilities	1,648,778	-	-	1,940,000	313,372	3,902,150
Deferred Inflows of Resources						
Unavailable - receivables	-	-	-	-	375,498	375,498
Unavailable revenue - taxes	313,869	-	-	-	-	313,869
Total deferred inflows of resources	313,869	-	-	-	375,498	689,367
Fund Balances						
Nonspendable	-	-	-	-	31,234	31,234
Restricted	2,112	87,077	-	-	79,003	168,192
Committed	375,000	33,716	196,700	-	-	605,416
Assigned	290,127	277,796	-	-	327,587	895,510
Unassigned	2,983,163	-	-	(1,769,135)	-	1,214,028
Total fund balances	3,650,402	398,589	196,700	(1,769,135)	437,824	2,914,380
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,613,049	\$ 398,589	\$ 196,700	\$ 170,865	\$ 1,126,694	

Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,076,559
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	689,367
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	(4,889,636)
Landfill closure	(5,400)
Net pension liability and and contributions payable, net of deferred outflows of resources	(430,984)
Compensated absences, special termination benefits, and other post-employment benefits	(924,514)
Net position	\$ 13,429,772

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, 2017

	<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>
Revenues:						
Property taxes	\$ 9,552,669	\$ -	\$ -	\$ -	\$ -	\$ 9,552,669
Intergovernmental	6,153,813	-	-	89,534	500,510	6,743,857
Local	1,249,584	11,342	1,777	431	225,538	1,488,672
Total revenues	<u>16,956,066</u>	<u>11,342</u>	<u>1,777</u>	<u>89,965</u>	<u>726,048</u>	<u>17,785,198</u>
Expenditures:						
Current:						
General government	1,311,558	14,850	-	111,460	16,842	1,454,710
Public works	518,691	-	-	-	92,013	610,704
Public safety	708,538	-	-	-	236,364	944,902
Health services	132,830	-	-	-	896	133,726
Public and social services	375,519	-	-	-	136,630	512,149
Education	12,727,934	-	-	-	487,124	13,215,058
Capital outlay	-	-	460,868	-	-	460,868
Debt service	801,072	-	-	-	-	801,072
Total expenditures	<u>16,576,142</u>	<u>14,850</u>	<u>460,868</u>	<u>111,460</u>	<u>969,869</u>	<u>18,133,189</u>
Excess of revenues over (under) expenditures	379,924	(3,508)	(459,091)	(21,495)	(243,821)	(347,991)
Other financing sources (uses):						
Transfers in	754	-	-	100,000	51,351	152,105
Transfers out	(151,351)	-	-	-	(754)	(152,105)
Net change in fund balances (deficits)	229,327	(3,508)	(459,091)	78,505	(193,224)	(347,991)
Fund balances (deficits), beginning of year	<u>3,421,075</u>	<u>402,097</u>	<u>655,791</u>	<u>(1,847,640)</u>	<u>631,048</u>	<u>3,262,371</u>
Fund balances (deficits), end of year	<u>\$ 3,650,402</u>	<u>\$ 398,589</u>	<u>\$ 196,700</u>	<u>\$ (1,769,135)</u>	<u>\$ 437,824</u>	<u>\$ 2,914,380</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, 2017**

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

Net change in fund balances (deficits) - total governmental funds \$ (347,991)

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 outlay exceeded depreciation in the current period:

Capital outlay	898,954
Depreciation expense	<u>(822,827)</u>
	<u>76,127</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	545,000
Post-closure landfill costs	600
	<u>545,600</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	17,555
Loan receivables	4,605
Change in deferred outflows related to pension contributions and projected and actual investment earnings	151,850
Expenses:	
Net pension liability	(171,406)
Other post-employment benefits payable	(133,000)
Pension contributions payable	14,118
Special termination benefits	(45,516)
Accrued interest payable	11,723
Amortization of bond premiums	1,604
	<u>(148,467)</u>

Change in net position \$ 125,269

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, 2017

Assets

Cash and cash equivalents	\$ 9,497
Total assets	9,497

Liabilities

Due to student groups	9,497
Total liabilities	9,497

Net Position

Total net position	\$ -
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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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 9,289,798	\$ 9,289,798	\$ 9,552,669	\$ 262,871
Intergovernmental	4,505,027	4,505,027	4,413,371	(91,656)
Local	1,174,890	1,174,890	1,250,338	75,448
Total revenues	<u>14,969,715</u>	<u>14,969,715</u>	<u>15,216,378</u>	<u>246,663</u>
Expenditures:				
Current:				
General government	1,509,470	1,509,470	1,354,949	154,521
Land development and control	62,061	62,061	56,252	5,809
Public works	617,014	617,014	518,691	98,323
Public safety	735,697	735,697	708,538	27,159
Health services	142,408	142,408	132,830	9,578
Public and social services	388,347	388,347	375,519	12,828
Miscellaneous	235,396	235,396	197,452	37,944
Education	11,218,250	11,218,250	11,084,759	133,491
Debt service	801,072	801,072	801,072	-
Total expenditures	<u>15,709,715</u>	<u>15,709,715</u>	<u>15,230,062</u>	<u>479,653</u>
Net change in fund balance	<u>\$ (740,000)</u>	<u>\$ (740,000)</u>	(13,684)	<u>\$ 726,316</u>
Fund balance, beginning of year			<u>3,373,959</u>	
Fund balance, end of year			<u>\$ 3,360,275</u>	

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

TOWN OF PRESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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
June 30, 2017 (continued)

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.

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 and Cash Equivalents

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements.

Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used in accordance with the consumption method. On the governmental fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as expenditures when used.

Receivables

Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. 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 1st and February 1st), 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, 2017, 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, 2017, loans receivable totaled \$375,498 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.

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

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.

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	\$ 5,000
Land improvements	20	5,000
Vehicles:		
Cars and light trucks	7	5,000
Heavy trucks and buses	10	5,000
Fire trucks	20	5,000
Computers and computer equipment	5	5,000
Furniture, fixtures, and equipment	5	5,000
Infrastructure:		
Drainage (per project)	20	5,000
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. Also, the Town reports a deferred outflow of resources related to pension results from differences between expected and actual experience in the government-wide Statement of Net Position. These amounts are deferred and included in pension expense in a systematic and rational manner.

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 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.

Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness. Vacation pay is generally not available beyond the fiscal year it is earned. Unused sick leave may be accumulated to be used for future absences or is payable upon termination. Sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

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.

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

General Fund

Budget 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.
- Education Grants – The State reimburses the Town for certain costs incurred for special educational needs of students. This reimbursement is the Excess Cost Grant – Student Base. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue. In addition, other education grants have been recorded to reduce expenditures instead of being reported as revenue.

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (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	\$ 3,421,075	\$ 16,956,066	\$ (16,576,142)	\$ (150,597)	\$ 3,650,402
Encumbrances:					
June 30, 2016	(47,116)	-	47,116	-	-
June 30, 2017	-	-	(290,127)	-	(290,127)
Education grants netted against expenditures	-	(362,650)	362,650	-	-
Other reclassifications	-	754	(151,351)	150,597	-
Teachers’ retirement system on behalf payments	-	(1,377,792)	1,377,792	-	-
Budgetary basis	<u>\$ 3,373,959</u>	<u>\$ 15,216,378</u>	<u>\$ (15,230,062)</u>	<u>\$ -</u>	<u>\$ 3,360,275</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
June 30, 2017 (continued)

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant and other special programs, are established in accordance with the requirements of the grantor agencies or Town Boards. Such budgets generally carry over until completion of the grants and programs.

Capital Project Funds

Legal authorization for expenditures of the Capital Project Funds is provided by Town ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Note 3 – Deposits and Investments

Cash and Cash Equivalents

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

Governmental funds	\$ 4,979,784
Agency fund	<u>9,497</u>
Total cash and cash equivalents	<u>\$ 4,989,281</u>

Custodial Credit Risk on Deposits

As of June 30, 2017, the carrying amount of the Town's deposits with financial institutions was:

Deposits	\$ 3,491,978
Plus: External investment pools treated as cash and cash equivalents	1,767,270
Less: Restricted cash	<u>(269,967)</u>
Total cash and cash equivalents	<u>\$ 4,989,281</u>

The bank balance of the deposits was \$3,799,449 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,053,979
Uninsured and collateralized	537,740
Uninsured and uncollateralized	<u>2,207,730</u>
Total deposits	<u>\$ 3,799,449</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
June 30, 2017 (continued)

Note 4 – Receivables and Deferred Inflows of Resources

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, interest, and lien fees	\$ 375,913
Intergovernmental	13,500
Other	683,192
Loans receivable	<u>375,498</u>
	<u>\$ 1,448,103</u>

To reflect that a portion of property taxes, interest, and lien fees receivable at June 30, 2017, are not considered available to liquidate General Fund liabilities of the current period, the General Fund column of the governmental funds Balance Sheet reports property tax revenue, unavailable for expenditure in the current fiscal year of \$313,869, as a deferred inflow of resources. In addition, to reflect that a portion of long-term loan receivables are not available to liquidate Small Cities Fund liabilities of the current period, the Other Funds column of the governmental funds Balance Sheet reports income not available for expenditure in the current fiscal year of \$375,498, as deferred inflows of resources.

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 \$19,166.

Note 6 – Capital Assets

Capital asset activity for the year was as follows:

	<u>Balance at</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 1,036,479	\$ -	\$ -	\$ 1,036,479
Construction in process	<u>1,384,659</u>	<u>165,626</u>	<u>-</u>	<u>1,550,285</u>
Total capital assets not being depreciated	<u>2,421,138</u>	<u>165,626</u>	<u>-</u>	<u>2,586,764</u>
Capital assets being depreciated:				
Buildings	15,724,219	92,013	-	15,816,232
Land improvements	3,801,816	-	-	3,801,816
Vehicles	3,981,044	594,321	(19,750)	4,555,615
Computer and computer equipment	266,785	9,194	-	275,979
Furniture, fixtures, and equipment	890,885	37,800	(11,504)	917,181
Infrastructure	<u>1,659,808</u>	<u>-</u>	<u>-</u>	<u>1,659,808</u>
Total capital assets being depreciated	<u>26,324,557</u>	<u>733,328</u>	<u>(31,254)</u>	<u>27,026,631</u>
Less accumulated depreciation:	<u>(12,745,263)</u>	<u>(822,827)</u>	<u>31,254</u>	<u>(13,536,836)</u>
Capital assets, net	<u>\$ 16,000,432</u>	<u>\$ 76,127</u>	<u>\$ -</u>	<u>\$ 16,076,559</u>

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

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

Education	\$ 516,129
Public works	117,105
Public and social services	66,770
Public safety	78,654
General government	30,846
Health services	9,402
Redevelopment	<u>3,921</u>
 Total depreciation expense	 <u>\$ 822,827</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 To:				Total
	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Other Funds	
Due From:					
General Fund	\$ -	\$ 323,446	\$ 536	\$ 283,955	\$ 607,937
Other Funds	<u>194,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,336</u>
	<u>\$ 194,336</u>	<u>\$ 323,446</u>	<u>\$ 536</u>	<u>\$ 283,955</u>	<u>\$ 802,273</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, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Preston Redevelopment Project	<u>\$ 1,900,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,800,000</u>

At June 30, 2017, there were bond anticipation notes of \$1,800,000 outstanding with a maturity date of June 13, 2018, bearing an interest rate of 1.15%. The notes are not subject to redemption prior to maturity.

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Note 9 – Long-Term Obligations

Changes In Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds and loan payable:					
School refunding bonds	\$ 1,160,000	\$ -	\$ 295,000	\$ 865,000	\$ 290,000
Capital projects	2,225,000	-	250,000	1,975,000	250,000
State loan payable	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
	5,385,000	-	545,000	4,840,000	540,000
Bond premiums	4,927	-	1,604	3,323	1,604
Other post-employment benefits	650,300	145,300	12,300	783,300	49,000
Net pension liability	484,141	171,406	-	655,547	-
Special termination benefits	60,000	87,751	48,969	98,782	50,000
Compensated absences	35,698	6,734	-	42,432	42,432
Post closure landfill costs	<u>6,000</u>	<u>-</u>	<u>600</u>	<u>5,400</u>	<u>600</u>
	<u>\$ 6,626,066</u>	<u>\$ 411,191</u>	<u>\$ 608,473</u>	<u>\$ 6,428,784</u>	<u>\$ 683,636</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 was to 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%. During the fiscal year ended June 30, 2017, the Assistance Agreement was amended to change the payment terms of the loan. The amended agreement stipulates interest will accrue beginning May 1, 2024, and shall compound annually. Commencing on June 1, 2024 (or later if and to the extent necessary to confirm to a change occurring by operation of the terms of the PDDA as described in Note 15), the principal and interest is payable in 180 equal monthly installments.

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:

<u>Purpose</u>	<u>Original Amount</u>	<u>Matures in Year Ending</u>	<u>Average Interest</u>	<u>Current Amount</u>
School Refunding Bonds	\$ 4,300,000	2020	3.74%	\$ 865,000
Capital Project Bonds	1,965,000	2020	4.07%	375,000
Capital Project Bonds	1,788,000	2033	3.00%	<u>1,600,000</u>
				<u>\$ 2,840,000</u>

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (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>Principal</u>	<u>Interest</u>
2018	\$ 540,000	\$ 93,025
2019	515,000	70,075
2020	485,000	51,576
2021	100,000	39,875
2022	100,000	37,625
2023-2034	<u>1,100,000</u>	<u>220,250</u>
	<u>\$ 2,840,000</u>	<u>\$ 512,426</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 \$98,782.

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, 2017.

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	\$ -	\$ 78,072
Principal balances	<u>25,464</u>	<u>-</u>
	<u>\$ 25,464</u>	<u>\$ 78,072</u>

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Preston Re-development Agency Fund	Other Funds	Total Governmental Funds
Nonspendable:						
Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ 1,058	\$ 1,058
Permanent funds	-	-	-	-	25,464	25,464
Inventory	-	-	-	-	4,712	4,712
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,234</u>	<u>31,234</u>
Restricted:						
Capital projects	-	87,077	-	-	46,472	133,549
Preservation of records	2,112	-	-	-	-	2,112
Animal control	-	-	-	-	866	866
Education	-	-	-	-	31,665	31,665
	<u>2,112</u>	<u>87,077</u>	<u>-</u>	<u>-</u>	<u>79,003</u>	<u>168,192</u>
Committed:						
Capital projects	-	33,716	196,700	-	-	230,416
Subsequent year's budget	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
	<u>375,000</u>	<u>33,716</u>	<u>196,700</u>	<u>-</u>	<u>-</u>	<u>605,416</u>
Assigned:						
Debt service	-	-	-	-	132,023	132,023
General government	201,000	-	-	-	49,200	250,200
Public and social service	-	-	-	-	53,677	53,677
Public safety	-	-	-	-	24,649	24,649
Capital projects	-	277,796	-	-	-	277,796
Scholarships	-	-	-	-	23,382	23,382
Education	<u>89,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,656</u>	<u>133,783</u>
	<u>290,127</u>	<u>277,796</u>	<u>-</u>	<u>-</u>	<u>327,587</u>	<u>895,510</u>
Unassigned	<u>2,983,163</u>	<u>-</u>	<u>-</u>	<u>(1,769,135)</u>	<u>-</u>	<u>1,214,028</u>
	<u>\$ 3,650,402</u>	<u>\$ 398,589</u>	<u>\$ 196,700</u>	<u>\$(1,769,135)</u>	<u>\$ 437,824</u>	<u>\$ 2,914,380</u>

Deficit Fund Balance

The Preston Redevelopment Agency Fund has a deficit fund balance of \$1,769,135 and will require General Fund, state/federal grant assistance, or issuance of long-term debt 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
June 30, 2017 (continued)

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 2016/2017 school year, \$248,220 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 \$3,423,711. The Town had 45 active participants in the System at June 30, 2017.

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

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 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.

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 8.00 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</u> <u>(7.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(8.00%)</u>	<u>1% Increase</u> <u>(9.00%)</u>
Sensitivity of the system’s proportionate share of the net pension liability related to the Town	\$ 15,586,901	\$ 12,634,071	\$ 10,137,917

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 \$12,634,071 and 100% is allocated to the State.

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, 2017, the Town recognized \$1,377,792 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 21 active participants in CMERS at June 30, 2017.

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.

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
June 30, 2017 (continued)

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 plus certain amortization charges. Such contribution was \$96,129 for the year ended June 30, 2017, related to covered payroll of \$844,722.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, 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, 2016, 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, 2016, are summarized in the following table:

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

<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	\$ 1,034,310	\$ 655,547	\$ 334,368

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

At June 30, 2017, the Town reported a liability in the government-wide Statement of Net Position for its proportionate share (0.33399%) of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$655,547.

June 30, 2016, is the actuarial valuation date upon which the total pension liability is based. The total pension liability was calculated as of the June 30, 2016, measurement date using a standard roll-forward technique. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date, except the Town's proportional share changed from 0.353618% of the pension liability at the prior measurement date to 0.33399% of the pension liability at the current June 30, 2016, 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 \$157,254 for the fiscal year ended June 30, 2017.

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

At June 30, 2017, 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 (Inflows) of Resources</u>
Difference between expected and actual experience	\$ 14,128
Change in assumptions	(19,755)
Net difference between projected and actual earnings on plan investments	190,533
Town contributions subsequent to the measurement date	<u>96,129</u>
Total	<u>\$ 281,035</u>

The deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date of June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other deferred outflows and inflows are amortized over a closed five-year period.

Amounts reported in deferred outflows/inflows of resources will be recognized in pension expense as follows:

Fiscal year ended <u>June 30,</u>	
2018	\$ 135,891
2019	39,762
2020	67,264
2021	38,118

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
June 30, 2017 (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
2017	\$ 158,000	\$ 12,300	8%
2016	157,000	75,700	48%
2015	156,000	58,100	37%
2014	134,900	48,000	35%
2013	133,900	53,600	40%

Town of Preston, Connecticut
Notes to Financial Statements
June 30, 2017 (continued)

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)	\$ 158,000
Interest on net OPEB obligation	19,500
Adjustment to annual required contribution	<u>(32,200)</u>
Annual OPEB cost (AOC)	145,300
Contributions made	<u>(12,300)</u>
Increase in net OPEB obligation	133,000
Net OPEB obligation, beginning of year	<u>650,300</u>
Net OPEB obligation, end of year	<u>\$ 783,300</u>

Trend Information

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution Made	Percentage of AOC Contributed	Net OPEB Obligations
6/30/17	\$ 145,300	\$ 12,300	8%	\$ 783,300
6/30/16	145,700	75,700	52%	650,300
6/30/15	146,400	58,100	40%	580,300
6/30/14	126,800	48,000	38%	492,000

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 – Risk Management

The Town is exposed to various risks of loss relating to liability, theft or impairment of assets, errors or omissions, injuries to employees, and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. The Town does not maintain a self-insurance fund.

Note 16 – Preston Riverwalk

On March 12, 2009, the Town purchased the 393-acre former Norwich Hospital site including the buildings, structures, improvements, and fixtures (currently referred to as Preston Riverwalk) from the State of Connecticut for \$1. The Town assumed responsibility for the environmental conditions at the property and completion of the pollution remediation. Since the purchase, the Town has been improving Preston Riverwalk through its remediation plan with the intent of improving the property to promote economic development, generate tax revenues, and create jobs.

During the year ended June 30, 2016, the Town entered into a memorandum of understanding with the Mohegan Tribal Gaming Authority (“MTGA”) to purchase and develop the Preston Riverwalk property subject to a detailed Property Disposition and Development Agreement (“PDDA”). The PDDA, as amended, was approved at an April 2017 Town Referendum. The Town expects to hold an \$11,000,000 letter of credit from MTGA and receive a grant of \$10,000,000 from the State of Connecticut to complete the Preston Riverwalk pollution remediation. In addition, approximately 388 acres will be conveyed by the Town to the MTGA. The term of the PDDA is 10 years from the date the property is transferred to MTGA.

Upon meeting development milestones detailed in the PDDA, such as assessed valuation and permanent job creation, the letter of credit will be reduced. The Town will draw from the letter of credit as per the terms of the PDDA if milestones are not reached.

Related to the Preston Riverwalk, the Town has an agreement with a legal firm stipulating that the firm will not seek payment of certain legal costs payable until and if, the Town sells the Preston Riverwalk acreage. During the year ended June 30, 2017, such agreement was revised to require repayment of the \$912,000 of legal costs outstanding at a rate of 10% of the real property taxes received from the improvements anticipated in the PDDA until the \$912,000 is paid in full. This revised agreement is contingent upon the conveyance of the property to MTGA. If the property conveyance does not occur, the original agreement will remain in effect in which 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 the nature of Town's agreement with the MTGA, the outcome and potential revenue to the Town, if any, is not currently determinable.

Note 17 – Recently Issued Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB Statement No. 75, which will most likely have a material impact, though the amount has not yet been determined:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

GASB Statement No. 75 carries forward from GASB Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

GASB issued Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues. This Statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, Leases. This Statement improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.333990%</u>	<u>0.353618%</u>	<u>0.353618%</u>
Town's proportionate share of the net pension liability	<u>\$ 655,547</u>	<u>\$ 484,141</u>	<u>\$ 343,222</u>
Town's covered-employee payroll	<u>\$ 844,723</u>	<u>\$ 812,306</u>	<u>\$ 813,546</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>77.60%</u>	<u>59.60%</u>	<u>42.19%</u>
System fiduciary net position as a percentage of the total pension liability	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

Note: The above information relates to June 30, 2016, 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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 96,129	\$ 92,440	\$ 92,582
Contributions in relation to the contractually required contribution	<u>(96,129)</u>	<u>(92,440)</u>	<u>(92,582)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 844,723</u>	<u>\$ 812,306</u>	<u>\$ 813,546</u>
Contributions as a percentage of covered-employee payroll	<u>11.38%</u>	<u>11.38%</u>	<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>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>12,634,071</u>	<u>8,934,216</u>	<u>8,257,892</u>
Total	<u>\$ 12,634,071</u>	<u>\$ 8,934,216</u>	<u>\$ 8,257,892</u>
Town's covered-employee payroll	<u>\$ 3,423,711</u>	<u>\$ 3,449,751</u>	<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>	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

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	20.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property taxes				
Property taxes - current year	\$ 9,209,798	\$ 9,209,798	\$ 9,320,600	\$ 110,802
Interest & lien fees	80,000	80,000	89,421	9,421
Property taxes - prior years	-	-	142,648	142,648
	<u>9,289,798</u>	<u>9,289,798</u>	<u>9,552,669</u>	<u>262,871</u>
Intergovernmental:				
Education Cost Sharing (ECS)	3,038,825	3,038,825	2,988,315	(50,510)
Mashantucket Pequot Grant	1,125,119	1,125,119	1,125,119	-
Pilot for state hospital and property	716	716	716	-
Town Aid Road	199,882	199,882	199,827	(55)
Youth service bureau grants	14,000	14,000	14,000	-
Elderly Tax Grant	20,000	20,000	18,853	(1,147)
Judicial branch	2,000	2,000	2,100	100
Veterans Tax Relief	1,000	1,000	1,246	246
Other grants	58,934	58,934	62,934	4,000
Totally disabled	-	-	261	261
LOCIP	44,551	44,551	-	(44,551)
	<u>4,505,027</u>	<u>4,505,027</u>	<u>4,413,371</u>	<u>(91,656)</u>
Local:				
Incinerator host town agreement	955,066	955,066	955,066	-
Town clerk fees	60,000	60,000	80,059	20,059
MIRA - return of tipping fees	60,000	60,000	58,000	(2,000)
Construction permit fees	40,000	40,000	53,633	13,633
Paper, metal, and transfer station	20,000	20,000	16,004	(3,996)
Sprint antenna	17,424	17,424	19,166	1,742
Investment income	3,000	3,000	11,865	8,865
Miscellaneous fees	1,200	1,200	4,192	2,992
License and permit fees	3,000	3,000	3,010	10
Telephone/cable access	14,000	14,000	14,029	29
Other	-	-	33,756	33,756
Farmland preservation fees	600	600	779	179
Historic document fees	600	600	779	179
	<u>1,174,890</u>	<u>1,174,890</u>	<u>1,250,338</u>	<u>75,448</u>
Total revenues	<u>\$ 14,969,715</u>	<u>\$ 14,969,715</u>	<u>\$ 15,216,378</u>	<u>\$ 246,663</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
General Government:					
Salaries:					
First Selectman	\$ 74,873	\$ -	\$ 74,873	\$ 74,873	\$ -
Selectmen	13,857	-	13,857	13,857	-
Town Clerk and Tax Collector	54,400	-	54,400	54,400	-
Assistant Town Clerk	57,940	-	57,940	50,642	7,298
Treasurer and assistants	29,445	-	29,445	29,445	-
Administrative assistant/clerical	143,755	-	143,755	133,527	10,228
Assessor	37,322	-	37,322	37,322	-
Zoning Enforcement Officer	10,143	-	10,143	10,143	-
Sanitation	19,550	-	19,550	18,865	685
Building Inspector	31,271	-	31,271	28,721	2,550
Registrar of Voters	14,231	-	14,231	14,829	(598)
Expenses Board of Selectmen	3,950	-	3,950	1,405	2,545
Town Building & Facilities Committee	1,700	-	1,700	-	1,700
Elections	21,050	-	21,050	13,557	7,493
Ethics commission	1,460	-	1,460	303	1,157
Mileage, dues, and school meetings	12,780	-	12,780	8,590	4,190
Social security	90,618	-	90,618	85,829	4,789
Pension	116,376	-	116,376	107,255	9,121
Town insurance	153,357	-	153,357	143,071	10,286
Health insurance	296,194	(20,000)	276,194	248,562	27,632
Financial services	23,431	-	23,431	22,001	1,430
Legal fees and services	48,463	-	48,463	36,364	12,099
Engineering services	1,000	-	1,000	-	1,000
Legal notices	18,850	-	18,850	14,212	4,638
Town Hall maintenance	42,460	-	42,460	40,711	1,749
Maintenance, town owned buildings	14,745	-	14,745	11,187	3,558
Town Hall equipment	24,100	-	24,100	14,167	9,933
Town Hall supplies	19,075	-	19,075	10,600	8,475
Land records and statistics	31,437	-	31,437	24,817	6,620
Data processing	71,749	20,000	91,749	76,559	15,190
Board of Finance	28,388	-	28,388	23,706	4,682
Cemetery maintenance	500	-	500	-	500
Dog damage	100	-	100	-	100
Unemployment compensation	800	-	800	5,429	(4,629)
Veterans funerals	100	-	100	-	100
	<u>1,509,470</u>	<u>-</u>	<u>1,509,470</u>	<u>1,354,949</u>	<u>154,521</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, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Land Development and Control:					
Planning and Zoning	\$ 4,430	\$ -	\$ 4,430	\$ 1,085	\$ 3,345
Zoning Board of Appeals	680	-	680	680	-
Town and Regional Planning	42,156	-	42,156	42,502	(346)
Board of Tax Review	400	-	400	-	400
Economic Development	2,330	-	2,330	2,210	120
Inland Wetlands	9,315	-	9,315	8,293	1,022
Conservation Commission	2,250	-	2,250	982	1,268
Eastern Connecticut Conservation District	500	-	500	500	-
	<u>62,061</u>	<u>-</u>	<u>62,061</u>	<u>56,252</u>	<u>5,809</u>
Public Works:					
Salaries, public works	283,799	-	283,799	265,716	18,083
Highway maintenance	86,003	-	86,003	21,852	64,151
Town aid road	199,697	-	199,697	199,827	(130)
Highway equipment	10,000	-	10,000	-	10,000
Town garage	9,545	-	9,545	9,073	472
Gasoline and diesel	27,970	-	27,970	22,223	5,747
	<u>617,014</u>	<u>-</u>	<u>617,014</u>	<u>518,691</u>	<u>98,323</u>
Public Safety:					
Preston City Fire Department	174,620	-	174,620	162,401	12,219
Fire Chief/EMT expenses	212,312	-	212,312	205,479	6,833
Fire alarm systems	2,000	-	2,000	1,489	511
Police protection	322,650	-	322,650	315,605	7,045
Animal control officer	23,565	-	23,565	23,564	1
Public Safety Committee	550	-	550	-	550
	<u>735,697</u>	<u>-</u>	<u>735,697</u>	<u>708,538</u>	<u>27,159</u>
Health Services:					
Public health services	28,121	-	28,121	21,879	6,242
Health Director	6,395	-	6,395	6,396	(1)
Transfer station and fees, net	103,242	-	103,242	100,512	2,730
Waste disposal	450	-	450	500	(50)
Food inspections	4,200	-	4,200	3,543	657
	<u>142,408</u>	<u>-</u>	<u>142,408</u>	<u>132,830</u>	<u>9,578</u>
Public and Social Services:					
Parks and recreation	94,686	-	94,686	88,189	6,497
Youth Services Bureau	28,000	-	28,000	27,394	606
Senior Affairs	74,549	-	74,549	70,951	3,598
Preston Public Library	188,212	-	188,212	186,585	1,627
T.V.C.C.A.	1,000	-	1,000	1,000	-
Literacy volunteers	1,500	-	1,500	1,000	500
Sexual Assault Crisis Center	100	-	100	100	-
Women's Center of SE CT	300	-	300	300	-
	<u>388,347</u>	<u>-</u>	<u>388,347</u>	<u>375,519</u>	<u>12,828</u>

(continued on page 48)

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Miscellaneous:					
Council of Small Towns	\$ 750	\$ -	\$ 750	\$ 725	\$ 25
CT Conference of Municipalities	3,400	-	3,400	3,362	38
Bates Fountain	60	-	60	-	60
Policy/procedure/fixed assets	7,500	-	7,500	2,757	4,743
Capital improvements	7,500	-	7,500	7,000	500
Environmental monitoring	750	-	750	-	750
Public street lighting	10,300	-	10,300	9,711	589
Former state hospital state property redevelopment	158,850	-	158,850	156,044	2,806
Grant expense	-	-	-	9,808	(9,808)
Historical restoration	2,000	-	2,000	2,000	-
Other	-	-	-	6,045	(6,045)
LOCIP	44,286	-	44,286	-	44,286
	<u>235,396</u>	<u>-</u>	<u>235,396</u>	<u>197,452</u>	<u>37,944</u>
Debt Service:					
New school debt	337,134	-	337,134	337,134	-
Town 5 year capital projects	153,875	-	153,875	153,875	-
Preston Riverwalk loan	140,000	-	140,000	140,000	-
Board of Education 15 year capital projects	88,433	-	88,433	88,433	-
General government 15 year capital projects	81,630	-	81,630	81,630	-
	<u>801,072</u>	<u>-</u>	<u>801,072</u>	<u>801,072</u>	<u>-</u>
Education	<u>11,218,250</u>	<u>-</u>	<u>11,218,250</u>	<u>11,084,759</u>	<u>133,491</u>
Total expenditures	<u>\$ 15,709,715</u>	<u>\$ -</u>	<u>\$ 15,709,715</u>	<u>\$ 15,230,062</u>	<u>\$ 479,653</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	Special Revenue Funds	Capital Project Fund - Local Capital Improvement Fund	Permanent Funds	Debt Service Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 395,538	\$ 22,617	\$ 29,522	\$ -	\$ 447,677
Receivables	389,414	-	-	-	389,414
Prepaid expenses	1,058	-	-	-	1,058
Inventory	4,712	-	-	-	4,712
Due from other funds	40,507	111,303	-	132,023	283,833
Total assets	\$ 831,229	\$ 133,920	\$ 29,522	\$ 132,023	\$ 1,126,694
<u>Liabilities</u>					
Accounts payable	\$ 31,567	\$ -	\$ -	\$ -	\$ 31,567
Unearned revenue	85,021	2,448	-	-	87,469
Due to other funds	108,986	85,000	350	-	194,336
Total liabilities	225,574	87,448	350	-	313,372
<u>Deferred Inflows of Resources</u>					
Unavailable - receivables	375,498	-	-	-	375,498
<u>Fund Balances</u>					
Nonspendable	5,770	-	25,464	-	31,234
Restricted	32,531	46,472	-	-	79,003
Assigned	191,856	-	3,708	132,023	327,587
Unassigned	-	-	-	-	-
Total fund balances	230,157	46,472	29,172	132,023	437,824
Total liabilities, deferred inflows of resources, and fund balances	\$ 831,229	\$ 133,920	\$ 29,522	\$ 132,023	\$ 1,126,694

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, 2017**

	Special Revenue Funds	Capital Project Fund - Local Capital Improvement Fund	Permanent Funds	Debt Service Fund	Total
Revenues:					
Intergovernmental	\$ 391,655	\$ 108,855	\$ -	\$ -	\$ 500,510
Local	225,446	-	92	-	225,538
Total revenues	<u>617,101</u>	<u>108,855</u>	<u>92</u>	<u>-</u>	<u>726,048</u>
Expenditures:					
Current expenditures:					
General government	-	16,842	-	-	16,842
Public works	-	92,013	-	-	92,013
Public safety	236,364	-	-	-	236,364
Health services	896	-	-	-	896
Public and social services	136,630	-	-	-	136,630
Education	486,119	-	1,005	-	487,124
Total expenditures	<u>860,009</u>	<u>108,855</u>	<u>1,005</u>	<u>-</u>	<u>969,869</u>
Excess of revenues over (under) expenditures	(242,908)	-	(913)	-	(243,821)
Other financing sources (uses):					
Transfers in (out)	51,351	-	(4)	(750)	50,597
Net change in fund balances	(191,557)	-	(917)	(750)	(193,224)
Fund balances, beginning of year	<u>421,714</u>	<u>46,472</u>	<u>30,089</u>	<u>132,773</u>	<u>631,048</u>
Fund balances, end of year	<u>\$ 230,157</u>	<u>\$ 46,472</u>	<u>\$ 29,172</u>	<u>\$ 132,023</u>	<u>\$ 437,824</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Education Grants	School Lunch Fund	Dog Fund	Winter Energy Plan	Small Cities Fund	Parks and Recreation
<u>Assets</u>						
Cash and cash equivalents	\$ 212,678	\$ 25,006	\$ 9,112	\$ -	\$ 33,654	\$ 64,821
Receivables	-	13,500	-	-	375,498	416
Prepaid expenses	-	-	-	-	-	1,058
Inventory	-	4,712	-	-	-	-
Due from other funds	4,391	7,250	2,111	8,279	-	-
Total assets	\$ 217,069	\$ 50,468	\$ 11,223	\$ 8,279	\$ 409,152	\$ 66,295
<u>Liabilities</u>						
Accounts payable	\$ 22,175	\$ 1,100	\$ 2,833	\$ -	\$ 250	\$ 3,754
Unearned revenue	54,250	-	-	-	-	30,771
Due to other funds	108,979	-	-	7	-	-
Total liabilities	185,404	1,100	2,833	7	250	34,525
<u>Deferred Inflows of Resources</u>						
Unavailable - receivables	-	-	-	-	375,498	-
<u>Fund Balances</u>						
Nonspendable	-	4,712	-	-	-	1,058
Restricted	31,665	-	866	-	-	-
Assigned	-	44,656	7,524	8,272	33,404	30,712
Unassigned	-	-	-	-	-	-
Total fund balances	31,665	49,368	8,390	8,272	33,404	31,770
Total liabilities, deferred inflows of resources, and fund balances	\$ 217,069	\$ 50,468	\$ 11,223	\$ 8,279	\$ 409,152	\$ 66,295

(continued on page 52)

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2017

	Food Bank Fund	Various Cemetery	Bates Fountain	EMS Capital Improvement Fund	Youth Services	Education Scholarships	Total
Assets							
Cash and cash equivalents	\$ 4,917	\$ -	\$ -	\$ 24,633	\$ 1,043	\$ 19,674	\$ 395,538
Receivables	-	-	-	-	-	-	389,414
Prepaid expenses	-	-	-	-	-	-	1,058
Inventory	-	-	-	-	-	-	4,712
Due from other funds	-	18,460	-	16	-	-	40,507
Total assets	\$ 4,917	\$ 18,460	\$ -	\$ 24,649	\$ 1,043	\$ 19,674	\$ 831,229
Liabilities							
Accounts payable	\$ 896	\$ -	\$ -	\$ -	\$ 559	\$ -	\$ 31,567
Unearned revenue	-	-	-	-	-	-	85,021
Due to other funds	-	-	-	-	-	-	108,986
Total liabilities	896	-	-	-	559	-	225,574
Deferred Inflows of Resources							
Unavailable - receivables	-	-	-	-	-	-	375,498
Fund Balances							
Nonspendable	-	-	-	-	-	-	5,770
Restricted	-	-	-	-	-	-	32,531
Assigned	4,021	18,460	-	24,649	484	19,674	191,856
Unassigned	-	-	-	-	-	-	-
Total fund balances	4,021	18,460	-	24,649	484	19,674	230,157
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,917	\$ 18,460	\$ -	\$ 24,649	\$ 1,043	\$ 19,674	\$ 831,229

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, 2017

	Education Grants	School Lunch Fund	Dog Fund	Winter Energy Plan	Small Cities Fund	Parks and Recreation
Revenues:						
Intergovernmental	\$ 296,602	\$ 80,348	\$ -	\$ -	\$ 14,705	\$ -
Local	-	86,632	4,122	-	2	81,884
Total revenues	<u>296,602</u>	<u>166,980</u>	<u>4,122</u>	<u>-</u>	<u>14,707</u>	<u>81,884</u>
Expenditures:						
Current expenditures:						
Public safety	-	-	9,371	-	-	-
Health services	-	-	-	-	-	-
Public and social services	-	-	-	200	55,246	76,723
Education	297,299	188,127	-	-	-	-
Total expenditures	<u>297,299</u>	<u>188,127</u>	<u>9,371</u>	<u>200</u>	<u>55,246</u>	<u>76,723</u>
Excess of revenues over (under) expenditures	(697)	(21,147)	(5,249)	(200)	(40,539)	5,161
Other financing sources (uses):						
Transfers in (out)	-	47,000	6,800	-	-	-
Net change in fund balances	(697)	25,853	1,551	(200)	(40,539)	5,161
Fund balances, beginning of year	<u>32,362</u>	<u>23,515</u>	<u>6,839</u>	<u>8,472</u>	<u>73,943</u>	<u>26,609</u>
Fund balances, end of year	<u>\$ 31,665</u>	<u>\$ 49,368</u>	<u>\$ 8,390</u>	<u>\$ 8,272</u>	<u>\$ 33,404</u>	<u>\$ 31,770</u>

(continued on page 54)

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, 2017

	Food Bank Fund	Various Cemetery	Bates Fountain	EMS Capital Improvement Fund	Youth Services	Education Scholarships	Total
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,655
Local	1,601	2	-	50,016	1,187	-	225,446
Total revenues	<u>1,601</u>	<u>2</u>	<u>-</u>	<u>50,016</u>	<u>1,187</u>	<u>-</u>	<u>617,101</u>
Expenditures:							
Current expenditures:							
Public safety	-	-	-	226,993	-	-	236,364
Health services	896	-	-	-	-	-	896
Public and social services	-	4,461	-	-	-	-	136,630
Education	-	-	-	-	-	693	486,119
Total expenditures	<u>896</u>	<u>4,461</u>	<u>-</u>	<u>226,993</u>	<u>-</u>	<u>693</u>	<u>860,009</u>
Excess of revenues over (under) expenditures	705	(4,459)	-	(176,977)	1,187	(693)	(242,908)
Other financing sources (uses):							
Transfers in (out)	-	-	(2,449)	-	-	-	51,351
Net change in fund balances	705	(4,459)	(2,449)	(176,977)	1,187	(693)	(191,557)
Fund balances, beginning of year	<u>3,316</u>	<u>22,919</u>	<u>2,449</u>	<u>201,626</u>	<u>(703)</u>	<u>20,367</u>	<u>421,714</u>
Fund balances, end of year	<u>\$ 4,021</u>	<u>\$ 18,460</u>	<u>\$ -</u>	<u>\$ 24,649</u>	<u>\$ 484</u>	<u>\$ 19,674</u>	<u>\$ 230,157</u>

See accompanying Independent Auditors' Report.

TOWN OF PRESTON, CONNECTICUT

PERMANENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Brewster Cemetery	Downing Library	Educational Fund Various Scholarships	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 7,262	\$ 1,029	\$ 21,231	\$ 29,522
Total assets	\$ 7,262	\$ 1,029	\$ 21,231	\$ 29,522
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	\$ 350	\$ -	\$ -	\$ 350
Total liabilities	350	-	-	350
Fund Balances:				
Nonspendable	6,265	1,029	18,170	25,464
Assigned	647	-	3,061	3,708
Total fund balances	6,912	1,029	21,231	29,172
Total liabilities and fund balances	\$ 7,262	\$ 1,029	\$ 21,231	\$ 29,522

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, 2017

	Brewster Cemetery	Downing Library	Educational Fund Various Scholarships	Total
Revenues:				
Local	\$ 86	\$ 4	\$ 2	\$ 92
Total revenues	<u>86</u>	<u>4</u>	<u>2</u>	<u>92</u>
Expenditures:				
Education	-	-	1,005	1,005
Total expenditures	<u>-</u>	<u>-</u>	<u>1,005</u>	<u>1,005</u>
Excess of revenues over expenditures	<u>86</u>	<u>4</u>	<u>(1,003)</u>	<u>(913)</u>
Other financing sources (uses):				
Transfers in (out)	-	(4)	-	(4)
Net change in fund balances	86	-	(1,003)	(917)
Fund balances, beginning of year	<u>6,826</u>	<u>1,029</u>	<u>22,234</u>	<u>30,089</u>
Fund balances, end of year	<u>\$ 6,912</u>	<u>\$ 1,029</u>	<u>\$ 21,231</u>	<u>\$ 29,172</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, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash	\$ 5,670	\$ 39,916	\$ (36,089)	\$ 9,497
Other receivables	100	-	(100)	-
Total assets	<u>\$ 5,770</u>	<u>\$ 39,916</u>	<u>\$ (36,189)</u>	<u>\$ 9,497</u>
Liabilities:				
Due to student groups	\$ 5,770	\$ 39,916	\$ (36,189)	\$ 9,497
Total liabilities	<u>\$ 5,770</u>	<u>\$ 39,916</u>	<u>\$ (36,189)</u>	<u>\$ 9,497</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, 2017

	<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>
Restricted fund balance:							
Open Space	\$ 78,072	\$ -	\$ 9,005	\$ -	\$ -	\$ -	\$ 87,077
Total restricted fund balance	<u>78,072</u>	<u>-</u>	<u>9,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,077</u>
Committed fund balance:							
<i>General government:</i>							
Vehicles and equipment:							
Fire protection clothing	3,168	-	-	-	-	-	3,168
Foreman's truck	2,171	-	-	-	-	-	2,171
Additional compactor (1)	(800)	-	-	-	-	-	(800)
Board of Finance contingency (1)	2,000	-	-	-	-	-	2,000
Other:							
Revaluation	-	-	-	14,850	-	(14,850)	-
Town Clerk	26,748	-	-	-	-	-	26,748
<i>Board of Education:</i>							
Vehicles and equipment:							
Responder units	29	-	-	-	-	-	29
Playground	400	-	-	-	-	-	400
Total committed fund balance	<u>33,716</u>	<u>-</u>	<u>-</u>	<u>14,850</u>	<u>-</u>	<u>(14,850)</u>	<u>33,716</u>
Assigned fund balance:							
Assigned to future projects	290,309	-	2,337	(14,850)	-	-	277,796
Total assigned fund balance	<u>290,309</u>	<u>-</u>	<u>2,337</u>	<u>(14,850)</u>	<u>-</u>	<u>-</u>	<u>277,796</u>
Total fund balance	<u>\$ 402,097</u>	<u>\$ -</u>	<u>\$ 11,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,850)</u>	<u>\$ 398,589</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, 2017

Total tax collections including interest and lien fees for the year ended June 30, 2016	\$ 9,160,707
Reimbursement for revenue loss on: Tax relief for elderly (CGS 12-129d)	<u>24,131</u>
Base	<u><u>\$ 9,184,838</u></u>

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 20,665,886	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	41,331,771	-	-	-
3 3/4 times base	-	-	34,443,143	-	-
3 1/4 times base	-	-	-	29,850,724	-
3 times base	-	-	-	-	27,554,514
Total debt limitation	<u>20,665,886</u>	<u>41,331,771</u>	<u>34,443,143</u>	<u>29,850,724</u>	<u>27,554,514</u>
Indebtedness:					
School refunding bonds	-	865,000	-	-	-
Capital projects	1,600,000	375,000	-	-	-
State loan payable	2,000,000	-	-	-	-
Bond anticipation notes	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>5,400,000</u>	<u>1,240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 15,265,886</u></u>	<u><u>\$ 40,091,771</u></u>	<u><u>\$ 34,443,143</u></u>	<u><u>\$ 29,850,724</u></u>	<u><u>\$ 27,554,514</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, 2017

Grand List October 1,	Taxes Receivable July 1, 2016	Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Taxes Receivable June 30, 2017
		Additions	Deductions			Taxes	Interest and Liens	Total	
2015	9,503,807	\$ -	\$ 9,716	\$ -	\$ 9,494,091	9,300,872	38,461	\$ 9,339,333	\$ 193,219
2014	174,897	-	3,966	-	170,931	99,259	26,690	125,949	71,672
2013	66,923	-	100	(17,883)	48,940	33,437	2,981	36,418	15,503
2012	8,851	-	-	-	8,851	3,987	858	4,845	4,864
2011	2,159	-	-	-	2,159	-	-	-	2,159
2010	2,159	-	-	-	2,159	-	-	-	2,159
2009	550	-	-	-	550	-	-	-	550
2008	784	-	-	-	784	-	-	-	784
2007	496	-	-	-	496	-	-	-	496
2006	1,051	-	-	-	1,051	-	-	-	1,051
2005	3,267	-	-	-	3,267	-	-	-	3,267
2004	3,795	-	-	-	3,795	-	-	-	3,795
2003	878	-	-	-	878	-	-	-	878
2002	42	-	-	-	42	-	-	-	42
2001	-	-	-	-	-	-	-	-	-
	<u>\$ 9,769,659</u>	<u>\$ -</u>	<u>\$ 13,782</u>	<u>\$ (17,883)</u>	<u>\$ 9,737,994</u>	<u>\$ 9,437,555</u>	<u>\$ 68,990</u>	<u>\$ 9,506,545</u>	<u>\$ 300,439</u>

See accompanying Independent Auditors' Report.