TOWN OF BOLTON
FINANCE COMMITTEE
SPECIAL MEETING AGENDA
Town Hall/ZOOM*
July 30, 2026 – 6:00 P.M.*

1) **Call to Order**

2) **Public Participation**

3) **New Business**

   a) Annual Town Audit
      i) FY25 audit findings review
      ii) Role of Finance Committee during annual audit
      iii) Regular Audit Updates
   b) Mil Rate calculation overview
      i) Review of tax levy formulas and collection factor application
   c) Revenue generation and cost reduction strategy discussion
   d) FY28 Budget Process
      i) Timeline
      ii) Approach and Guidance

4) **Adjournment**

Upcoming Meetings:
September 17 @ 7:15 p.m. – Regular Meeting
October 15 @ 7:15 p.m. – Regular Meeting
November 19 @ 7:15 p.m. – Regular Meeting
December 17 @ 7:15 p.m. – Regular Meeting
January 21, 2027 @ 7:15 p.m. – Regular Meeting

*You can access the Finance Committee's Special Meeting on July 30, 2026 by dialing 1-309-205-3325 and entering meeting ID 870 2635 8088; Passcode 350560
WebLink: https://us02web.zoom.us/j/87026358088?pwd=EZPEb0JiXmyq1yJQ4uEk7bBzbMFpzJ.1

Town of Bolton

222 Bolton Center Road ● Bolton, CT 06043

Town of Bolton
Single State Audit Corrective Action Plan
For the Fiscal Year Ended June 30, 2025

Office of Policy and Management
450 Capitol Avenue MS-54MFS
Hartford, Connecticut 06106-1379

Attn: Municipal Finance Services Unit

AUDIT FINDINGS

Finding Reference Number: 2025-001 – Internal Control over Compliance in Relation to Reporting Requirements

Description of Finding: This is a new finding. For one of the seven projects reported under the Federal Program COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF), the total cumulative expenditures did not match the current period expenditures. The total cumulative expenditures reported were $295,205, but the current period expenditures reported were $264,767, a difference of $30,438

Statement of Concurrence or Nonconcurrence: Partially Concur.

Corrective Action: Our preliminary review indicates the discrepancy stems from the prior administration's specific methodology and interpretation of reporting requirements, rather than a substantive reporting error. The report in question covered the period of January 2025-March 2025. The expenditures totaling $30,438 were related to Q4 2024, and documentation indicates it was the previous administration's intention to capture the current period expenditures (Q1 2025) versus the full fiscal year. To eliminate confusion, the Finance Department is establishing a formalized Standard Operating Procedure (SOP) that outlines the reporting requirements for these projects.

Finding Reference Number: 2025-002 – Internal Control over Compliance in Relation to Period of Performance Requirements

Description of Finding: This is a new finding. For four of the seven projects reported under the Federal Program COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF), totaling $204,862, documentation that a signed and accepted contract was sent back to the vendor by the program obligation deadline of December 31, 2024 could not be located.

Statement of Concurrence or Nonconcurrence: Concur.

Corrective Action: For future federal program obligations, the Town will implement a compliance checklist requiring explicit verification and digital archiving of fully executed (signed and accepted) contracts prior to regulatory deadlines. A retrospective review of the four referenced SLFRF projects will be performed to locate missing correspondence or obtain vendor confirmation validating that commitments were fully executed on or before December 31, 2024.

Finding Reference Number: 2025-003 – Internal Control over Compliance in Relation to Procurement Suspension and Debarment
Description of Finding: This is a new finding. Upon review of the town's Bid Ordinance and Charter, a policy could not be found that determines whether a vendor for goods and services was either suspended or debarred from receiving or participating in federal awards, which is required as part of the 2025 Uniform Guidance related to Federal Programs. Additionally, it could not be determined whether any suspension or debarment review had been made and documented.
Statement of Concurrence or Nonconcurrence: Concur.
Corrective Action: The town will update the Town Bid Ordinance to include the policy that mandates that before any contract or purchase order is awarded using federal funds, staff must verify the vendor's eligibility status via the federal System for Award Management (SAM.gov). The Town will also update its Policy and Procedures manual to require a printed or digital SAM.gov search certificate to be attached to the procurement file as auditable evidence of the verification.

Finding Reference Number: 2025-004 – Town Accounting Policies and Policies and Procedures Manual
Description of Finding: Findings related to the Town Accounting Policies and Policies and Procedures manual has been a repeat finding since fiscal year ended June 30, 2015 and includes annual modifications of the details of the findings based on changes to the manual by the Town. For FY2025, specific findings include:
(a) The current Policies and Procedures manual does not address the bank reconciliations of the student activity accounts despite the procedures manual indicating that it reflects activities for both Town of Bolton CT and Bolton Public Schools,
(b) the manual does not include any references to reconciliations of accounts other than bank accounts such as accounts receivable, accounts payable, deferred revenue and other non-cash asset and liabilities accounts,
(c) revenue and expenditure detail for each account is reviewed at least quarterly, but the manual does not indicate how long after the quarter these reviews are completed,
(d) the manual indicates that a "book of these reports and adjusting entries is kept for documentation" but the manual does not specify which reports are used,
(e) in the Receipts and Revenue section, the manual mentions that the receiving departments' transfer of funds to the finance office for deposit must be done in a timely manner but does not define "timely,"
(f) in the Accounts Payable and Expenditures section, the manual states that each department head, supervisor, or board or commission chair must complete and sign a request for payment for all expenditures made by his or her department, excluding normal monthly invoices. It does not appear that the Town displays a consistent approach to certifying initials on the monthly invoices.
(g) in relation to the town's sales tax exemption status, the manual states that sales tax will not be paid or reimbursed unless for good cause and unless it is pre-approved. The manual does not include a definition of "good cause" or specify what documentation is needed for pre-approval.
Statement of Concurrence or Nonconcurrence: Concur.
Corrective Action: The Finance Department is actively undertaking a comprehensive update to the Town Accounting Policies and Procedures Manual to resolve this repeat finding. The updated manual will incorporate:

- Student Activity Accounts: A reference to the policies and procedures currently maintained by Bolton Public Schools will be added to the Policies and Procedures manual.
- Balance Sheet Reconciliations: Standard Operating Procedures and designated timelines for reconciling non-cash asset and liability accounts.
- Quarterly Reviews: Formalized documentation and sign-off requirements for the quarterly reviews of revenue and expenditure details across all town accounts.
- Quarterly/Year-End Reporting Book: Clarification of the exact reports required to be maintained in the physical or digital "book of reports and adjusting entries," including but not limited to journal entry logs and account reconciliations.
- Timeliness of Deposits: An update to the Policies and Procedures manual will include a definition of "timely" as requiring all receiving departments to transfer collected funds to the Finance Office for deposit within forty-eight (48) hours.
- Accounts Payable Controls: An update to the Policies and Procedures manual will outline a consistent approach requiring department heads, supervisors, or authorized designees to physically initial or digitally sign invoices, establishing a uniform certification standard before payment processing.
- Sales Tax Exemption Policy: A formalized definition of "good cause" regarding sales tax reimbursements, alongside an explicit list of required pre-approval documentation (such as an approved emergency procurement form) to eliminate ambiguity and enforce sales tax exemption compliance.

Finding Reference Number: 2025-005 – The Classification of a Worker as an Employee, Independent Contractor or Consultant
Description of Finding: Findings related to the classification of a worker as an employee, independent contractor or consultant has been a repeat finding since fiscal year ended June 30, 2020 and includes annual modifications of the details of the findings based on the current fiscal year circumstances and activities. For FY2025, specific findings include: The Town currently has a worker who is classified as a consultant based on the varying parameters of a contract that states they are an independent contractor and that they are not an employee of the town despite a number of conditions indicating that the worker may more accurately be classified as an employee in accordance with IRS guidance.
Statement of Concurrence or Nonconcurrence: Do not concur.
Corrective Action: We have worked with the consultant and Town Attorney to make some minor adjustments to the contract and billing practices. As a result of those adjustments the Town Attorney is strong at his conviction that the individual in question meets the legal definition of a consultant and not an employee. No further action on this matter is planned or necessary.

Finding Reference Number: 2025-006 – Town grant and award activity and balances
Description of Finding: This is a new finding. A review of the balances within separately reported internal grant funds showed a number of apparently completed grants and awards with remaining balances. There has been no indication that guidance has been requested from the individual funding sources as to whether the Town can spend the funds or whether they need to be returned. Balances include:
Safe Polls Grant: $5,456 received, $2,956 expenditures incurred, Balance of $2,500
State Elections Grant: $1,448 received, $0 expenditures incurred, Balance of $1,448
Early Voting Grant: $2,000 received, $473 expenditures incurred, Balance of $1,527
East Coast Greenway Grant: Balance of $1,373

Library Grant: Balance of $9
AARP Activity Grant: Balance of $15
Hartford Foundation Activity Grant: Balance of $2
Hartford Foundation Activity Grant #2: Balance of $14

In addition to the above balances, it was determined that the Town submitted an invoice of $3,580 to the state for reimbursement related to a neglected cemeteries grant, even though only $2,000 of the expenditures had been incurred for allowable grant expenditures. The remainder was refunded to the state.
Statement of Concurrence or Nonconcurrence: Concur.
Corrective Action: The Finance Department will contact each funding agency for the completed grants identified to request formal written guidance on the disposition of remaining balances. The Town will clarify whether residual funds may be legally expended for broader program purposes or if they must be formally remitted back to the grantor.

Additionally, regarding the neglected cemeteries grant, internal controls will be updated to ensure that future reimbursement invoices submitted to the State are reconciled against actual general ledger expenditures prior to submission. The $1,580 over-reimbursement has already been corrected via a refund to the state.

Finding Reference Number: 2025-007 – Grand List Valuation and Application
Description of Finding: This is a new finding. Following the revaluation related to the October 1, 2023 grand list, the grand list values that were transferred through the bridging process from the Vision assessor software into the Quality Data Systems tax software decreased by $32,539,870. The Town did not have an adequate system of internal controls in place to ensure that the grand list valuation amounts that were being transferred through the bridging process from the Vision assessor software into the Quality Data Systems tax software matched.
Statement of Concurrence or Nonconcurrence: Concur.
Corrective Action: A set of policies and procedures has been developed by the Town of Bolton's Assessor and has been implemented. These internal controls establish a mandatory reconciliation protocol to cross-check total grand list valuation amounts after they are transferred through the bridging process from the Vision assessor software into the Quality Data Systems tax software. A formal sign-off sheet certifying that the total values between both software systems match will be required prior to finalizing the grand list application moving forward.

Name of Contact Person:

James Rupert, Bolton Town Administrator; Email: jrupert@boltonct.gov

Stephanie Smigala, Interim Finance Director; Email: ssmigala@boltonct.gov

Mil Rate Overview

The Balanced Budget Foundation

The Statutory Equation

The budget must always establish an exact balance between what the municipality spends and what it receives:

Expenditures = Non-Tax Revenue + Property Taxes (Tax Levy)

Expenditures

- Town department expenditures
- School Expenditures
- Debt Service
- Capital Spending

Non-Tax Revenue

- Grants
- Permit Fees
- Building Official Fees
- Earned Interest
- Rental Income

Property Taxes (Tax Levy)

- The “plug”
- Must absorb 100% of remaining expense to legally balance the budget

Bolton's Equation (FY27)

Step 1		Step 2		Step 3
Expenditures	=	Non-Tax Revenue	+	Property Taxes (Tax Levy)
Expenditures $26,696,962		Non-Tax Revenue $5,396,495		Property Taxes $21,300,467*

*includes property tax and motor vehicle taxes

Base Mil Rate Calculation (Real Estate & Personal Property Only)

The mil rate allows us to apportion the taxes across the taxpayers fairly.

The mil rate represents the tax rate per $1,000 of taxable assessed property value.

$$\text{Mil Rate} = \left[\frac{\text{Property Tax/Tax Levy + Tax Credits}}{\text{Net Taxable Grand List}} \right] \times 1{,}000$$

Tax credits shift a tiny portion of the tax burden to the broader grant list

Using Bolton's Figures:

$$34.66 = \left[\frac{\$19{,}413{,}232 + \$34{,}000}{\$560{,}938{,}488} \right] \times 1{,}000$$

Standard 98% Collection Factor

To protect against shortfalls, we must gross up the required levy by dividing by our expected collection rate:

$$\text{Adjusted Tax Levy} = \frac{\text{Property Tax/Tax Levy + Tax Credits}}{0.98}$$

Using Bolton's Figures:

$$\$19{,}844{,}114 = \frac{(\$19{,}413{,}232^{*} + \$34{,}000)}{0.98}$$

Why Division? Dividing by a fraction smaller than 1 (0.98) mathematically increases the target to build the necessary buffer.

It ensures that if 2% of taxpayers fail to pay on time, the cash actually collected still covers the operational budget

*Includes Real Estate & Personal Property Only

FY2027 Applied Rate Variance

For FY2027, the formula was applied using multiplication instead of division

Adjusted Tax Levy	=	Property Tax/Tax Levy + Tax Credits	X	0.98

Using Bolton's Figures:

$19,058,287	=	$19,413,232* + $34,000	X	0.98

The Discounting Effect: Multiplying by 0.98 reduced the tax levy target instead of grossing it up, resulting in a lower mil rate than required.

Why We Maintained the Rate: To avoid late-cycle disruption and protect local taxpayers from sudden rate corrections, the Finance Committee chose not to modify the FY2027 mil rate.

The town's historical collection rate is over 99%, so while a 2% cushion is ideal, we feel this can be absorbed by surpluses and actual collections.

*Includes Real Estate & Personal Property Only

Mil Rate Comparison

Component	Base Unadjusted	FY 2027 Applied (x 0.98)	FY 2027 Theoretical Correct (÷ 0.98)
Total Net Levy Required	$19,413,232	$19,413,232	$19,413,232
Elderly & Disabled Tax Credit	+$34,000	+$34,000	+$34,000
Adjusted Levy Target	$19,447,232	$19,058,287	$19,844,114
Net Taxable Grant List	$560,938,488	$560,938,488	$560,938,488
Resulting Mil Rate	34.66 Mils	33.97 Mils	35.37 Mils

Includes Real Estate & Personal Property Only