

# *Town of Bolton, Connecticut*

State Compliance Audit

June 30, 2024

*Stephen T. Hopkins, CPA, PC*

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Auditing , Accounting , and Consulting Services

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**Town of Bolton, Connecticut**

June 30, 2024

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# *Stephen T. Hopkins, CPA, PC*

## **Auditing , Accounting , and Consulting Services**

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### **Independent Auditors' Report**

Finance Committee  
Board of Selectmen  
Town of Bolton, Connecticut

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Bolton, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Single Audit Act (C.G.S. Sections 4-230 to 236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bolton, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bolton, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

##### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the State Single Audit Act will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the State Single Audit Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Bolton, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bolton, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bolton, Connecticut's basic financial statements. The accompanying combining and individual fund financial statements and other supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other supplemental schedules as listed in the table of contents 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 April 29, 2025, on our consideration of the Town of Bolton, Connecticut'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bolton, Connecticut's 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 of Bolton, Connecticut's internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC

*Stephen T. Hopkins, CPA, PC*

Scarborough, Maine  
April 29, 2025

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

Our discussion and analysis of the Town of Bolton, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements.

**Financial Highlights - Government-Wide Financial Statements**

- The Town's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$41,509,251 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$40,198,964. This represents a favorable increase of \$1,310,287 or approximately 3.26%.
- The Town's net investment in capital assets net position balance is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The total net investment in capital assets net position balance of the Town was \$33,156,812 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$33,616,151. This represents a decrease of approximately 1.37% which is the result of new long-term debt (\$144,974) and short-term debt (\$630,000) issued during the current fiscal year, a decrease in the related debt of \$898,879, current year depreciation in the amount of (\$2,263,552) and current year capital asset additions in the amount of \$1,680,308. These current year additions included the capitalized costs of a leased modular finance office building in the amount of \$185,404, the remaining payment on a new 2023 Pierce velocity custom pumper fire truck in the amount of \$629,295 as well as additional equipment for the truck in the amount of \$18,433 as well as current year paving and related costs in the amount of \$324,163 which are classified as infrastructure and improvement assets.
- The Town's restricted net position is used to account for funds received with constraints imposed by grantors and contributors. This net position *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net position balance of the Town was \$363,383 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$307,534. This represents an increase of approximately 18.16%. This decrease is made up of individual increases and decreases in the components of the restricted net position balance which can be seen on the net position comparison section on page 5.
- The Town's unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Town was \$7,989,056 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$6,275,279. This represents a favorable increase of approximately 27.31%. This relates in large part to the current fiscal year surpluses and deficits within the town general and other funds which are more fully described in the fund financial statements.
- The Town's total revenues for its governmental activities were \$31,273,221 for the current fiscal. This revenue balance includes \$20,047,118 in property tax revenue, \$8,781,214 in operating and capital grants and \$955,694 in charges for services. The Town has received \$1,445,423 to date in relation to the American Rescue Plan Act with the first half being received during the 2022 fiscal year and the second half being received during the 2023 fiscal year. This revenue has been recorded as unearned revenue in the government-wide financial statements as none of the funds have been expended to date. The current fiscal year revenues compare to prior fiscal year revenues of \$29,459,019, an increase of approximately 6.16%.
- The cost of the Town's governmental activities was \$29,962,934 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$20,226,026 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$955,694, and through operating and capital grants received in the amount of \$8,781,214. This amounts to approximately 67.50% of the cost of these governmental activities actually being financed by general revenues of the Town. The current fiscal year expenditures compare to prior fiscal year expenditures of \$29,325,405, an increase of approximately 2.17%. The individual breakdown of how these charges for services and operating and capital grants were received by department is shown in the statement of activities on page 11.
- The Board of Education and the related programs of the Town received approximately \$1,068,193 in grant dollars from a number of sources including state grant funds and federal pass-through grant funds to assist in a number of educational programs and projects from the school readiness programs to improving basic programs. This compares to \$1,182,809 being received during the prior fiscal year. General state education cost sharing funds and other similar education revenues have not been included. These revenue amounts represent the amounts recorded by the Town in the fund financial statements. The amounts shown in the government-wide financial statements may have been adjusted for unearned amounts which are recorded as unearned revenues on the statement of net position.

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

### **Using this Annual Report**

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities which are shown on pages 10 and 11 which provide information about the activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances which are shown on pages 12 and 14 and tell how the services of the Town 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 financial statements by providing information about the Town's most significant funds. The fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position which are shown on page 16. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities and balances of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education.

### **Reporting the Town as a Whole**

Our analysis of the Town as a whole begins on page 10 with the Statement of Net Position. 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 current fiscal 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. The statement of net position includes all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities. These two statements report the Town's net position and the changes in this net position. You can think of this net position as one way to measure the financial health and financial position of the Town. The net position balance is made up of the difference between the assets and liabilities of the Town. Over time, increases and decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type and discretely presented component units. The Town's activities are classified solely as governmental activities and are characterized as follows:

- Governmental activities - All of the Town's basic services are reported here, including general government, public works, public safety, building planning and zoning services, community services, sanitation and waste services, education, and other programs and activities. Property taxes, charges for services, state and federal operating and capital grants and other funding, and other miscellaneous revenues finance most of these activities in whole or in part.

### **Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds begins on page 12 with the Balance Sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of Selectmen of the Town has the authority to establish many other funds in accordance with the Town Charter which it uses to help control and manage money for particular purposes (such as the cafeteria fund or the recreation round fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for educational grants). The Town uses governmental funds which are characterized as follows:

- Governmental funds - All of 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 fiscal year-end that are available for spending. These funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs and activities. The relationship between the governmental activities and the governmental funds is presented in a reconciliation after each of the applicable fund financials.

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

**The Town as a Trustee**

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities and balances of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education.

**The Town as a Whole - Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. The current ratio compares the current assets of the Town to its current liabilities and gives an indication of the Town's ability to pay current obligations. As of the end of the current fiscal year the current ratio of the Town was 2.22 to 1 compared to the end of the prior fiscal year when the current ratio was 2.11 to 1. This current and prior fiscal year ratio is considered strong.

	Governmental Activities		Percentage of Total	
	2024	2023	2024	2023
Current assets	\$ 11,252,914	\$ 9,783,539	20.81%	18.43%
Other assets	2,703,570	2,588,248	5.00%	4.88%
Capital assets	40,121,381	40,704,625	74.19%	76.69%
Total assets	<u>54,077,865</u>	<u>53,076,412</u>	<u>100.00%</u>	<u>100.00%</u>
Deferred outflows of resources	<u>519,757</u>	<u>580,768</u>	<u>100.00%</u>	<u>100.00%</u>
Current and other liabilities	5,069,808	4,645,314	41.14%	35.84%
Long-term liabilities outstanding	7,253,457	8,315,933	58.86%	64.16%
	<u>12,323,265</u>	<u>12,961,247</u>	<u>100.00%</u>	<u>100.00%</u>
Deferred inflows of resources	<u>765,106</u>	<u>496,969</u>	<u>100.00%</u>	<u>100.00%</u>
Net position:				
Net Investment in capital assets	33,156,812	33,616,151	79.88%	83.62%
Restricted	363,383	307,534	0.88%	0.77%
Unrestricted	7,989,056	6,275,279	19.24%	15.61%
	<u>\$ 41,509,251</u>	<u>\$ 40,198,964</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net position:				
Expendable:				
Restricted educational grants and programs	\$ 27,571	\$ 30,275		
Enabling legislation funds and programs	93,530	53,433		
Non-principal portion of permanent funds	95,344	85,459		
	<u>216,445</u>	<u>169,167</u>		
Non-expendable:				
Inventory	10,431	10,956		
Prepaid expenses	18,602	9,506		
Principal portion of permanent funds	117,905	117,905		
	<u>146,938</u>	<u>138,367</u>		
	<u>\$ 363,383</u>	<u>\$ 307,534</u>		

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

**The Town as a Whole - Revenues, Expenses and Changes in Net Position**

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Town specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount of total Town expenditures actually financed by the general revenues of the Town. This amount is shown at the bottom of this schedule and should be used to give the reader an indication of how the Town's activities were financed during the current fiscal year in comparison to the prior fiscal year.

	Governmental Activities		Percentage of Total	
	2024	2023	2024	2023
Program revenues				
Charges for services	\$ 955,694	\$ 946,463	3.06%	3.21%
Operating grants and contributions	8,704,922	9,223,311	27.84%	31.31%
Capital grants and contributions	76,292	225,399	0.24%	0.77%
General revenues				
Property taxes, interest and liens	20,047,118	18,323,169	64.10%	62.20%
State property tax relief revenues	507,230	371,407	1.62%	1.26%
Other unclassified state revenues	176,634	148,292	0.56%	0.50%
Interest income	621,727	38,116	1.99%	0.13%
Miscellaneous	183,604	182,862	0.59%	0.62%
Total revenues	<u>31,273,221</u>	<u>29,459,019</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses				
General government	3,419,487	3,064,653	11.41%	10.45%
Public works	928,774	749,864	3.10%	2.56%
Public safety	761,293	715,792	2.54%	2.44%
Building planning and zoning	353,423	299,278	1.18%	1.02%
Community services	705,983	658,357	2.36%	2.25%
Sanitation and waste	651,234	600,925	2.17%	2.05%
Education	17,491,556	17,052,458	58.38%	58.15%
Education - on behalf and benefits	4,818,592	5,378,618	16.08%	18.34%
Capital outlay	-	-	-	-
Bolton Lakes debt assessment	190,000	185,000	0.63%	0.63%
Debt issuance costs	14,293	-	0.05%	-
Debt service:				
Interest	174,792	195,175	0.58%	0.66%
Depreciation	453,507	425,285	1.52%	1.45%
Total expenses	<u>29,962,934</u>	<u>29,325,405</u>	<u>100.00%</u>	<u>100.00%</u>
Change in net position	1,310,287	133,614		
Net position - July 1	<u>40,198,964</u>	<u>40,065,350</u>		
Net position - June 30	<u>\$ 41,509,251</u>	<u>\$ 40,198,964</u>		
Expenses financed by general revenues:				
Total expenses	\$ 29,962,934	\$ 29,325,405		
Less program revenues	-9,736,908	-10,395,173		
	<u>\$ 20,226,026</u>	<u>\$ 18,930,232</u>	<u>67.50%</u>	<u>64.55%</u>

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

**Capital Assets**

The capital assets of the Town may include land, land improvements, buildings, building improvements, equipment, vehicles, right to use assets, subscription assets, infrastructure and improvements, and all other tangible and intangible assets which may arise that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads and bridges. More detailed information on the capital assets of the Town can be found in note 1L starting on page 22 and note 5 on page 31.

	Governmental Activities		Percentage of total	
	2024	2023	2024	2023
Land and improvements	\$ 4,514,884	\$ 4,514,884	5.93%	6.07%
Construction in progress	-	11,355	-	0.02%
Buildings and improvements	45,096,509	44,949,984	59.27%	60.41%
Vehicles	5,543,433	4,860,108	7.29%	6.53%
Equipment	3,969,991	3,652,356	5.22%	4.91%
Right to use assets	312,621	115,862	0.41%	0.16%
Subscription assets	23,256	-	0.03%	-
Infrastructure	16,632,171	16,308,008	21.85%	21.90%
Total historical cost	76,092,865	74,412,557	100.00%	100.00%
Less accumulated depreciation	-35,971,484	-33,707,932		
Total capital assets (net)	<u>\$ 40,121,381</u>	<u>\$ 40,704,625</u>		

**Debt Administration**

The types of long-term debt normally incurred by the town may include but is not limited to bonds payable, notes payable, right to use leases payable and subscription liabilities payable and the types of other debt related liabilities of the town include accrued compensated balances (earned vacation and sick time balances) in accordance with the established personnel policies of the Town and Board of Education and other post employment benefit liabilities in accordance with generally accepted accounting principles. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The applicable state debt limitations as set forth in the Connecticut General Statutes, Section 7-374 (b) and the towns outstanding balances in comparison to these limitations can be found in the Schedule of Debt Limitations, Sub-Schedule B on page 67. The comparison of the outstanding debt shown below indicates that the general make-up of the Town's different types of debt as a percentage of total debt was consistent for the current fiscal year in comparison to the prior fiscal year. The portion due within one year and due after one year changed based on variations in the applicable payment schedules. More detailed information on Town debt can be found in note 7 starting on page 32.

	Governmental Activities		Percentage of total	
	2024	2023	2024	2023
Outstanding payables:				
Portion due within one year	\$ 937,794	\$ 868,738	11.45%	9.46%
Portion due after one year	5,396,775	6,219,736	65.88%	67.72%
Other liabilities:				
Unamortized bond premiums	443,523	517,481	5.41%	5.63%
Accrued compensated balances - school	33,384	34,187	0.41%	0.37%
Accrued compensated balances - town	296,777	281,211	3.62%	3.06%
Total OPEB liability	1,082,998	1,263,318	13.23%	13.76%
Total debt	<u>\$ 8,191,251</u>	<u>\$ 9,184,671</u>	<u>100.00%</u>	<u>100.00%</u>

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance Sheet on page 12 and the Statement of Revenues, Expenditures and Changes in Fund Balances on page 14.

**Financial Highlights - Fund Financial Statements**

- The total assets of the Town's governmental funds exceeded the total liabilities by \$11,781,449 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$10,713,253, an increase of \$1,068,196 or approximately 9.97%. This increase is due to the positive results of the general fund of \$1,303,048, the negative results of the town capital funds of (\$418,723), the positive results of the cemetery activity fund of \$21,863 and the positive results of the non-major governmental funds of \$162,008. These increases and decreases can be seen by reviewing Statement D on page 14 and the corresponding combining schedules and sub-schedules as shown in the table of contents.
- The total revenues of the Town's governmental funds were \$29,059,102 for the current fiscal year. This compares to the prior fiscal year balance of \$27,405,131. This represents an increase of \$1,653,971 or approximately 6.04%. This is due to a number of increases and decreases in revenue categories such as property tax revenues which increased by \$1,728,447 which was due in part to an increase in the annual commitment of \$1,744,094, intergovernmental education revenue which decreased by (\$58,030), intergovernmental tax relief revenue which increased by \$135,823, intergovernmental other revenue which decreased by (\$834,580) which was due in part to the Town receiving \$722,712 in American Rescue Plan Act funds during the prior fiscal year but not during the current fiscal year, education tuition revenue which decreased by (\$83,690), charges for services revenue which increased by \$92,921 and interest income which increased by \$583,611.
- The total expenditures of the Town's governmental funds were \$28,135,880 for the current fiscal year. This compares to the prior fiscal year balance of \$26,384,870. This represents an increase of \$1,751,010 or approximately 6.64%. This is due to a number of increases and decreases in fund expenditures such as the town general fund which increased by \$1,200,881 with the largest portion of that increase relating to education expenditures which increased by \$471,724. Other general fund departmental changes included general government increasing by \$314,170, public works increasing by \$11,985, public safety increasing by \$15,624, building planning and zoning increasing by \$61,838, community services increasing by \$5,804 and sanitation and waste increasing by \$50,309.
- The net change in fund balance (excess of revenues over-under expenditures) for the Town's general fund was a positive \$1,303,048 for the current fiscal year in comparison to a negative (\$169,979) for the prior fiscal year. This represents a favorable current fiscal year increase relating in part to the following selected current and prior fiscal year budgetary highlights. See the budget to actual required supplementary information shown on pages 48 and 49 for more detailed information on actual revenues and expenditures in comparison to the budgeted amounts.
- The actual revenues received in the Town's general fund were \$1,120,079 higher than the budget revenues for the current fiscal year which is a favorable variance. This "over collection" of budgeted revenues relates to a number of budgeted revenue categories. Property tax revenue was \$302,377 over the budgeted amount, intergovernmental other was \$132,727 over the budgeted amount, charges for services and fees was \$69,047 over the budgeted amount and interest income was \$563,828 over the budgeted amount. This compares to an over collection of revenues during the prior fiscal year of \$431,053 which was also a favorable variance.
- Actual program expenditures of the general fund were \$1,566,605 lower than the budgeted expenditures for the current fiscal year which is a favorable variance. This under expenditure was due in part to the education accounts being under-expended by \$825,493, town employee benefits accounts being under-expended by \$94,757, the building operations accounts being under-expended by \$49,081 and debt service principal and interest repayments which were under-expended by \$250,030. This compares to lower expenditures during the prior fiscal year of \$1,352,979 which was also a favorable variance.
- In the current fiscal year the Town budgeted to utilize \$1,163,412 of its general unassigned fund balance to offset current year expenditures as part of the approved annual budget. This in effect is the same as budgeting for a loss due to the fact that prior year accumulated balances cannot be shown as current year revenues. In the prior fiscal year the Town budgeted to utilize \$1,514,073 of its general unassigned fund balance in a similar manner along with an additional \$100,000 approved at a special town meeting. In the current fiscal year, the Town also used \$8,004 of its general committed fund balance in relation to employment separation fund payments and \$2,245 in relation to Bolton founders day fund.

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2024

**Economic Factors and Next Year's Budgets and Rates**

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in the upcoming 2025 fiscal year and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.50% above the previous year, or the rate of inflation, whichever is greater. The cap includes certain exemptions relating to increases in debt service, special education costs, claims and judgments and costs incurred related to major disaster or emergency declarations. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap may receive a reduced municipal revenue sharing grant.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- The potential impact of unforeseen circumstances on the local economy, businesses and Town revenues is being continually monitored. For the current fiscal year, there were no specifically related and identifiable negative or positive impacts on income from investments, building permits, recording fees and conveyance taxes. The Town did not see any specifically related and identifiable impact on tax collections for the current fiscal year and there is no indication that there will be an impact on the upcoming 2025 fiscal year collections.

All of these factors were considered in preparing the Town's 2025 fiscal year budget. The total town appropriation for the 2025 fiscal year of \$25,873,099 was approved by town referendum on June 4, 2024. This represents a total increase of approximately 4.20% from the approved fiscal year 2024 budget of \$24,826,779. In taking into consideration the above mentioned exemptions to the cap on municipal spending limit, the approved fiscal year 2025 budget represents an increase of approximately 3.238% from the approved fiscal year 2024 budget. This budget increase is below the State provided rate of inflation amount of 6.27%.

**Contacting the Town's Financial Management**

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations and demonstrate the Town's commitment to public accountability. If you have questions about this report or need additional financial information, contact the Town Finance Department at 222 Bolton Center Road, Bolton, Connecticut 06043.

**Town of Bolton, Connecticut**  
Statement of Net Position  
June 30, 2024

	Governmental activities
<b>Assets</b>	
Cash and cash equivalents	\$ 7,167,507
Investments	3,581,890
Restricted cash and cash equivalents	2,397,838
Restricted investments	213,249
Receivables, net:	
Property taxes receivable	232,707
Interest on property taxes	92,483
Intergovernmental	112,426
Accounts	129,351
Inventories	10,431
Prepaid items	18,602
Capital assets, non-depreciable	4,514,884
Capital assets, net	35,606,497
Total assets	<u>54,077,865</u>
<b>Deferred Outflows of Resources</b>	
Related to OPEB	317,574
Deferred charges on bond refundings	202,183
Total deferred outflows of resources	<u>519,757</u>
<b>Liabilities</b>	
Accounts payable	692,550
Accrued payroll	87,175
Other liabilities	235,048
Unearned revenues	2,400,717
Accrued debt service interest	86,524
Bond anticipation note	630,000
Long-term debt	
Portion due within one year	937,794
Portion due after one year	5,396,775
Unamortized bond premiums	443,523
Accrued compensated absences	330,161
Total OPEB liability	1,082,998
Total liabilities	<u>12,323,265</u>
<b>Deferred Inflows of Resources</b>	
Related to OPEB	544,376
Advance property tax collections	220,730
Total deferred inflows of resources	<u>765,106</u>
<b>Net Position</b>	
Net Investment in capital assets	33,156,812
Restricted	
Expendable	216,445
Non-expendable	146,938
Unrestricted	7,989,056
Total net position	<u><u>\$ 41,509,251</u></u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
**Statement of Activities**  
For the year ended June 30, 2024

Primary Government:	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
<b>Governmental Activities:</b>					
General government	\$ -3,419,487	\$ 178,603	\$ 11,372	\$ -	\$ -3,229,512
Public works	-928,774	-	126,061	-	-802,713
Public safety	-761,293	1,808	1,660	-	-757,825
Building, planning and zoning	-353,423	222,984	-	-	-130,439
Community services	-705,983	164,278	16,868	-	-524,837
Sanitation and waste	-651,234	-	-	-	-651,234
Education	-17,491,556	191,479	3,730,369	63,218	-13,506,490
Education - on behalf and benefits	-4,818,592	-	4,818,592	-	-
Capital outlay	-	-	-	13,074	13,074
Bolton lakes debt assessment	-190,000	-	-	-	-190,000
Debt issuance costs	-14,293	-	-	-	-14,293
Debt service					
Principal	-	196,542	-	-	196,542
Interest	-174,792	-	-	-	-174,792
Depreciation					
General infrastructure	-453,507	-	-	-	-453,507
	<u>\$ -29,962,934</u>	<u>\$ 955,694</u>	<u>\$ 8,704,922</u>	<u>\$ 76,292</u>	<u>-20,226,026</u>
<b>General Revenues:</b>					
					20,047,118
					507,230
					176,634
					621,727
					183,604
					<u>21,536,313</u>
					Change in net position 1,310,287
					<u>Net Position - July 1 40,198,964</u>
					<u>Net Position - June 30 \$ 41,509,251</u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
**Balance Sheet - Governmental Funds**  
June 30, 2024

	General fund	Town capital funds	ARPA grant funds	Cemetery activity funds	Non-major governmental funds	Total governmental funds
<b>Assets</b>						
Cash	\$ 8,864,735	\$ 410,607	\$ -	\$ 104,506	\$ 185,497	\$ 9,565,345
Investments	2,789,264	-	-	730,104	275,771	3,795,139
Receivables (net of allowance)						
Property taxes	232,707	-	-	-	-	232,707
Intergovernmental	41,922	-	-	-	70,504	112,426
Other	129,348	-	-	-	3	129,351
Inventories	-	-	-	-	10,431	10,431
Prepaid items	7,447	-	-	-	11,155	18,602
Due from other funds	272,276	2,038,047	1,445,423	-	1,382,623	5,138,369
Total assets	<u>\$ 12,337,699</u>	<u>\$ 2,448,654</u>	<u>\$ 1,445,423</u>	<u>\$ 834,610</u>	<u>\$ 1,935,984</u>	<u>\$ 19,002,370</u>
<b>Liabilities</b>						
Accounts payable	\$ 663,159	\$ 6,908	\$ -	\$ -	\$ 22,483	\$ 692,550
Accrued payroll	72,969	-	-	-	14,206	87,175
Other liabilities	235,048	-	-	-	-	235,048
Unearned revenues	2,870	-	-	-	9	2,879
Bond anticipation note	-	630,000	-	-	-	630,000
Due to other funds	4,866,093	208,645	-	17,361	46,270	5,138,369
Total liabilities	<u>5,840,139</u>	<u>845,553</u>	<u>-</u>	<u>17,361</u>	<u>82,968</u>	<u>6,786,021</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue -						
Property taxes	214,170	-	-	-	-	214,170
Advance property tax collections	220,730	-	-	-	-	220,730
Total deferred inflows of resources	<u>434,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,900</u>
<b>Fund Balances</b>						
Nonspendable	7,447	-	-	-	139,491	146,938
Restricted	-	-	1,445,423	-	1,168,860	2,614,283
Committed	450,848	2,237,748	-	817,249	462,272	3,968,117
Assigned	4,433,504	-	-	-	84,393	4,517,897
Unassigned	1,170,861	-634,647	-	-	-2,000	534,214
Total fund balances	<u>6,062,660</u>	<u>1,603,101</u>	<u>1,445,423</u>	<u>817,249</u>	<u>1,853,016</u>	<u>11,781,449</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,337,699</u>	<u>\$ 2,448,654</u>	<u>\$ 1,445,423</u>	<u>\$ 834,610</u>	<u>\$ 1,935,984</u>	<u>\$ 19,002,370</u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
Reconciliation of Statement C to Statement A  
for all Governmental Funds and Activities  
June 30, 2024

Fund balances of governmental funds as shown on Statement C		\$ 11,781,449
Amounts reported for governmental activities in the government-wide financial statements (Statement A) differ from the amounts reported in the fund financial statements (Statement C):		
1 Capital assets used in governmental activities are not financial resources and are not reported on Statement C however they are reported on Statement A and must be added in:		
Cost	76,092,865	
Less accumulated depreciation	<u>-35,971,484</u>	40,121,381
2 The majority of the property tax receivable long-term asset is not available to pay for current period expenditures and therefore it is reported as deferred inflows of resources on Statement C however this amount is considered earned when billed and in turn recorded as revenue on Statement A and therefore must be added back in:		214,170
3 Certain grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in the fund financial statements on the modified accrual basis of accounting. However, the government-wide financial statements record revenues when they have been earned on the accrual basis of accounting and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out:		-2,397,838
4 Interfund receivable and payable balances between governmental funds are reported on Statement C but eliminated on the Statement A:		
Interfund receivables	5,138,369	
Interfund payables	<u>-5,138,369</u>	-
5 Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to a future period, and therefore will not be recognized as an expenditure or revenue until then, and therefore, they are not reported in the fund financial statements:		
Deferred outflows of resources related to OPEB	317,574	
Deferred outflows of resources related to bond refundings	202,183	
Deferred inflows of resources related to OPEB	<u>-544,376</u>	-24,619
6 Long-term liabilities and related current liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and therefore they must be subtracted out:		
Accrued debt service interest	-86,524	
Bonds payable	-6,175,000	
Right to use leases payable	-144,024	
Subscription liability payable	-15,545	
Unamortized bond premiums	-443,523	
Accrued compensated balances	-330,161	
Total OPEB liability	<u>-1,082,998</u>	-8,277,775
7 Delinquent interest and lien fees are recorded as revenue when received and when they become available and measurable in the fund financial statements however these amounts are recorded on Statement A due to the fact that the amounts are viewed to have been earned and therefore they must be added back in:		<u>92,483</u>
Net position of governmental activities as shown on Statement A		<u><u>\$ 41,509,251</u></u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the year ended June 30, 2024

	General fund	Town capital funds	ARPA grant funds	Cemetery activity fund	Non-major governmental funds	Total governmental funds
<b>Revenues</b>						
Property tax revenues	\$ 20,029,174	\$ -	\$ -	\$ -	\$ -	\$ 20,029,174
Intergovernmental - education	2,681,129	-	-	-	1,068,193	3,749,322
Intergovernmental - on behalf	2,535,202	-	-	-	-	2,535,202
Intergovernmental - tax relief	507,230	-	-	-	-	507,230
Intergovernmental - other	190,708	-	-	-	274,591	465,299
Education tuition	90,986	196,542	-	-	-	287,528
Charges for services and fees	396,806	-	-	5,750	265,610	668,166
Interest income	578,828	1	-	30,308	12,590	621,727
Miscellaneous	58,585	598	-	-	136,271	195,454
Total revenues	27,068,648	197,141	-	36,058	1,757,255	29,059,102
<b>Expenditures</b>						
Current:						
General government	3,239,612	30,553	-	14,195	15,023	3,299,383
Public works	1,014,080	-	-	-	132,829	1,146,909
Public safety	562,789	3,228	-	-	77	566,094
Building, planning and zoning	360,225	-	-	-	-	360,225
Community services	483,716	-	-	-	180,312	664,028
Sanitation and waste	648,931	-	-	-	-	648,931
Education	15,268,215	311	-	-	1,217,300	16,485,826
Education - on behalf	2,535,202	-	-	-	-	2,535,202
Capital outlay	18,433	893,104	-	-	76,292	987,829
Non-cash capital outlay	23,256	121,718	-	-	-	144,974
Bolton lakes debt assessment	190,000	-	-	-	-	190,000
Debt issuance costs	14,293	-	-	-	-	14,293
Debt service:						
Principal	689,655	177,777	-	-	-	867,432
Interest	221,483	3,271	-	-	-	224,754
Total expenditures	25,269,890	1,229,962	-	14,195	1,621,833	28,135,880
Excess (deficiency) of revenues over (under) expenditures	1,798,758	-1,032,821	-	21,863	135,422	923,222
Other financing sources (uses)						
Non-cash capital proceeds	23,256	121,718	-	-	-	144,974
Transfers in	-	492,380	-	-	26,586	518,966
Transfers out	-518,966	-	-	-	-	-518,966
Total other financing sources (uses)	-495,710	614,098	-	-	26,586	144,974
Net change in fund balance	1,303,048	-418,723	-	21,863	162,008	1,068,196
<b>Fund Balance - July 1</b>	4,759,612	2,021,824	1,445,423	795,386	1,691,008	10,713,253
<b>Fund Balance - June 30</b>	<u>\$ 6,062,660</u>	<u>\$ 1,603,101</u>	<u>\$ 1,445,423</u>	<u>\$ 817,249</u>	<u>\$ 1,853,016</u>	<u>\$ 11,781,449</u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
Reconciliation of Statement D to Statement B  
for all Governmental Funds and Activities  
For the year ended June 30, 2024

Net changes in governmental fund balances as shown on Statement D		\$ 1,068,196
Amounts reported for governmental activities in the government-wide financial statements (Statement B) differ from the amounts reported in the fund financial statements (Statement D):		
1 Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over their estimated useful lives in Statement B:		
Current year capital asset purchases to be capitalized	1,680,308	
Current year depreciation expense on current and previous capital assets	<u>-2,263,552</u>	-583,244
2 Property tax revenues are recognized on Statement D as described in note 1H to the financial statements however they are recorded in the amount of the annual levy in Statement B and therefore the current year adjustment described in note 1H must be eliminated:		-278
3 The basis of presentation and revenue recognition is different from the government-wide financial statements and the fund financial statements:		
Prior year unearned revenue amounts to be recognized	2,310,623	
Current year revenue amounts to be recorded as unearned	<u>-2,397,838</u>	-87,215
4 Interfund transfers between governmental funds are reported on Statement D but must be eliminated on Statement B:		
Transfers in	518,966	
Transfers out	<u>-518,966</u>	-
5 Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to future periods, therefore it will not be recognized as an expenditure or revenue until then, and therefore, they are not reported in the fund financial statements but they are recorded in the government-wide financial statements:		
Amortization of and changes in deferred outflows for OPEB	-32,513	
Amortization of and changes in deferred outflows for bond refunding	-28,498	
Amortization of and changes in deferred inflows for OPEB	<u>-47,407</u>	-108,418
6 Payments on and changes in long-term liabilities and related current liabilities are recorded as current year activities on Statement D however they are shown as increases or decreases in liability accounts in the government-wide financial statements and therefore must be adjusted accordingly:		
Accrued debt service interest decrease	9,604	
Bonds payable principal repayment	845,000	
Right to use lease and subscription liability proceeds	-144,974	
Right to use leases payable principal repayment	46,168	
Subscription liability payable principal repayment	7,711	
Amortization of bond premiums	73,958	
Accrued compensated absences increase	-14,763	
Total OPEB liability decrease	<u>180,320</u>	1,003,024
7 Estimated accounts receivable for delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on Statement B:		
Prior year recorded delinquent interest and lien receivable balance	-74,261	
Current year recorded delinquent interest and lien receivable balance	<u>92,483</u>	18,222
Change in net position of governmental activities as shown on Statement B		<u><u>\$ 1,310,287</u></u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
Statement of Fiduciary Net Position and Statement of Changes  
in Fiduciary Net Position - Fiduciary Funds  
As of and for the year ended June 30, 2024

	Custodial funds
<b>Assets</b>	
Cash	\$ 31,503
Investments	-
Accounts receivable	-
Due from other funds	-
Total assets	<u>31,503</u>
<b>Liabilities</b>	
Accounts payable	-
Accrued payroll	-
Other liabilities	-
Due to other funds	-
Total liabilities	<u>-</u>
<b>Net Position</b>	
Restricted	
Expendable	31,503
Non-expendable	-
Unrestricted	-
Total net position	<u>31,503</u>
Total liabilities and net position	<u>\$ 31,503</u>
<b>Additions</b>	
Collections for BHS student groups/activities	\$ 27,779
Collections for BCS student groups/activities	31,576
Interest income	-
Miscellaneous	-
Total additions	<u>59,355</u>
<b>Deductions</b>	
Payments for BHS student groups/activities	28,894
Payments for BCS student groups/activities	33,892
Capital expenditures	-
Miscellaneous	-
Total deductions	<u>62,786</u>
Change in net position	-3,431
<b>Net Position - July 1</b>	<u>34,934</u>
<b>Net Position - June 30</b>	<u>\$ 31,503</u>

See the accompanying notes to the financial statements.

**Town of Bolton, Connecticut**  
Notes to the Financial Statements  
June 30, 2024

The Town of Bolton, Connecticut was incorporated in 1720 under the General Statutes of the State of Connecticut and is located in Tolland County. The Town is a municipal corporation which is governed by an elected Board of Selectmen and Finance Committee.

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

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. The basic financial statements of the Town consist of government-wide financial statements and fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately in Section B and C below. The other following sections represent a summary of the significant accounting policies as applied by the Town.

**A. Reporting Entity**

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or 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. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Town has specifically evaluated its relationship with the Bolton Volunteer Fire Department, Inc. (the Department), a legally separate entity, to determine if the entity should be considered a component unit of the Town. The Town does not appoint a voting majority of the governing board of the Department and therefore it is not financially accountable for the Department in relation to meeting that criteria for inclusion as a component unit. The Town would still be considered financially accountable for the Department if it were determined that the Department is fiscally dependent on the Town and there is a potential for the Department to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Department would be considered fiscally independent if it has the authority to (1) determine its budget without another government having the authority to approve and modify that budget and (2) levy taxes or set rates or charges without approval by another government and (3) issue bonded debt without approval by another government. The Town does not provide a separate annual operating appropriation directly to the Department. As such, the Department does have the authority to determine its operating budget without the Town having the authority to approve or modify that budget. As a result, the Department does not meet this fiscal dependency criteria for inclusion as a component unit. The final determination as to whether the Department should be considered a component unit of the Town relates to management's professional judgement as to whether the exclusion of the financial information relating to the Department would result in the financial statements of the Town being misleading. The financial statements of the Town currently include the annual proficiency fund payment made to the Department in the amount of \$19,974, the activity of the fire commission which includes the annual contribution made on-behalf of the Department towards the service awards program in the amount of \$19,977, and the costs, capitalized assets and debt related to the purchase of major fire fighting equipment when present. In evaluating these items, the management of the Town has determined that the exclusion of the financial information of the Department would not result in the financial statements of the Town being misleading and as a result the Department would not meet this criteria for being included as a component unit and as such is not considered to be a component unit of the Town.

**B. Government-Wide Financial Statements**

**1. Basis of Presentation**

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government as well as the governmental and business-type activities of the Town. These statements do not include information about the fiduciary activities and funds of the Town or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Town in a trustee or custodial capacity and which cannot be used to support the activities and programs of the Town.

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The statement of net position presents the financial position of the governmental and business-type activities (when present) of the primary government of the Town and any discretely presented component units at the end of the fiscal year. This statement reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Town. The assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Town. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net position balance of the Town consists of the net investment in capital assets (total capital assets net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets), restricted and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of net investment in capital assets or restricted. Internal balances between individual funds within the governmental activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as inter-fund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities (when present) of the Town would be shown as an internal balance.

The statement of activities presents the operations of the governmental and business-type activities (when present) of the primary government of the Town and any discretely presented component units for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All taxes are shown as general revenues regardless of whether they were levied for a specific purpose or function. The categories of individual functions correspond to the different departments and operations of the Town. Indirect expenses which benefit the Town as a whole are not required to be allocated among the other functions of the Town and therefore they are not allocated. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Internal activity between individual funds within the governmental and business-type activities are eliminated in this statement. This internal activity is also known as transfers in and out and is shown in the fund financial statements as such. The above information relating to the government-wide financial statements basis of presentation reference both governmental and business-type activities. The Town currently does not have any business-type activities.

## **2. Measurement Focus and Basis of Accounting**

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting would be used for both governmental and business-type activities of the primary government of the Town. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

## **C. Fund Financial Statements**

### **1. Basis of Presentation**

The fund financial statements of the Town consist of a balance sheet with a reconciliation to the government-wide statement of net position, a statement of revenues, expenditures, and changes in fund balances with a reconciliation to the government-wide statement of activities and a statement of fiduciary net position and a statement of changes in fiduciary net position. These fund financial statements are designed to report additional and more detailed information about the primary government. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which records cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with any special regulations, restrictions, or limitations which may exist. The types of funds shown for the Town are governmental funds, proprietary funds (when present) and fiduciary funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all non-major funds being aggregated and reported in a single column.

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Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental funds used by the Town include the general fund, and other major and non-major governmental fund types such as special revenue funds, capital project funds, and permanent funds. The general use and purpose of these individual governmental fund types are as follows. The individual names of each fund within each non-major governmental fund type can be found in the accompanying combining schedules and the purpose of the fund is generally self explanatory within each title.

- a. General fund - The general fund is the general operating fund of the Town and accounts for all revenues and expenditures of the Town with the exception of those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law, contractual agreement, governing body motion or town meeting to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the general fund.
- b. Special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund, however, those amounts should not be recognized as revenue in the fund initially receiving them but rather be shown as revenue in the special revenue fund in which they will be expended for the specified purpose. The restricted or committed proceeds of the specific revenue sources should be expected to continue to make up a substantial portion of the resources flowing into the fund. Other financial resources may also be reported within a special revenue fund as long as those resources are restricted, committed or assigned to the specified purpose of the fund.
- c. Capital project funds - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, such as the acquisition or construction of capital facilities and other capital assets or for the accumulation of funds for these purposes.
- d. Permanent funds - Permanent funds are used to account for and report resources that are restricted as only earnings, and not principal, may be used for purposes that support the Town's programs and in effect the benefit of the Town or its citizens.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are custodial funds as they relate to the student activity accounts located at the Board of Education.

- e. Custodial funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The balance sheet is used to report information about the current financial resources (assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate. The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned and unassigned amounts. These balances are shown on the face of the balance sheet in the aggregate but are broken out into the required detail in note 15 on pages 26 and 27. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net position balance of the governmental activities of the Town as shown on the government-wide statement of net position.

The statement of revenues, expenditures, and changes in fund balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and all non-major funds in the aggregate. Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments and operations of the Town. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to be completed to reconcile the total change in governmental fund balances to the total change in net position of the governmental activities of the Town as shown on the government-wide statement of activities.

The statement of fiduciary net position shows information in regard to the assets and liabilities of the fiduciary funds of the Town which consist of custodial funds. The statement of changes in fiduciary net position shows information in regard to the additions to, subtractions from, and net increase or decrease for the year in fiduciary fund net position.

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Budgetary comparison information is required supplementary information which is presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. The Town includes this required supplementary information for the general fund as shown in the table of contents. This budgetary comparison information shows the original budget as voted on and appropriated, changes made to individual departmental line items within the budget and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers.

## **2. Measurement Focus and Basis of Accounting**

In regard to the governmental activities of the Town, the balance sheet and the statement of revenues, expenditures, and changes in fund balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt are not recorded as assets or liabilities on the balance sheet of the Town. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting revenues are recognized when they become measurable and available as net current assets. Property tax revenues are recognized when they become available. Available includes those property taxes receivable which are expected to be collected within the first sixty days after the end of the current fiscal year, when applicable. Miscellaneous revenues are recorded when received because they are generally not measurable until actually received. Intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. The Town generally considers intergovernmental revenues which are received within the first sixty days after the end of the current fiscal year to be both measurable and available. Expenditures are generally recognized under this basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest which is recognized when due.

## **D. Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teacher on-behalf payments made by the State which are not budgeted for and encumbrances) which is consistent with generally accepted accounting principles. In addition, the budget may call for certain amounts to be transferred or allocated to specific funds which have been set up by the Town for specific purposes. A portion of the budgeted revenues to be raised by the annual tax commitment is considered by the Town to be a specific revenue source which is committed to expenditure for these specified purposes. The budget calls for the revenue to be shown within the general fund and a transfer out to be shown to each of these specific funds. In accordance with the true accounting definition of a special revenue fund, specific revenue sources which in this case would be a portion of the annual tax commitment would be required to be shown as revenue of the specific fund and would therefore cause these revenues and transfers to be shown differently on the budget to actual statement in comparison to the statement of revenues, expenditures and changes in fund balances. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each general function of the Town. The Board of Education may transfer unexpended balances from one account to another within its total appropriation in accordance with the General Statutes. Any Town commission, board, agency or office (Town department) may transfer unexpended balances from one account to another within their total appropriation upon approval of the Board of Selectman. The Board of Selectmen may also transfer unexpended balances from one department to another. Supplemental appropriation requests for the Board of Education are submitted to the Finance Committee for action. Supplemental appropriations for any Town department shall be made to the Board of Selectmen who will then submit the request on to the Finance Committee with any comments or recommendations for action. Supplemental appropriation requests may be acted upon by the Finance committee in that they may approve, lower or reject them. Any supplemental appropriation requests that are individually or cumulatively in excess of .2% of the Total Expenditure Amount must be passed on to a special Town meeting for action.

Annually, the Board of Selectmen may require every Town department supported wholly or in part by Town revenues or appropriations, excluding the Board of Education, to present the Board of Selectmen with an itemized estimate of all revenues expected to be received, excluding Town appropriations, and all expenditures to be made in the upcoming fiscal year. Each year, on or before March 15<sup>th</sup> the Board of Selectmen shall present to the Finance Committee the operating budget outlining the estimated revenues and expenditures which will include all Town departments in addition to the debt, capital budget and the capital reserve portion. In addition, the Board of Education shall also submit its operating budget outlining the estimated revenues and expenditures to the Finance Committee on or before March 15<sup>th</sup>. The Finance Committee may then revise the total appropriation amount of the Board of Selectman and Board of Education operating budgets as well as the contingency, debt service and capital improvement estimates. The Finance Committee shall hold one or more public hearings on the proposed budget no later than May 1<sup>st</sup>. After the final public hearing the Finance Committee shall, by resolution adopted by an affirmative vote of at least four members, approve the budget. The proposed budget shall be presented to the Annual Budget Referendum to be held no later than May 25<sup>th</sup>. The current fiscal year budget was approved by referendum on May 23, 2023.

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The following is a reconciliation of the GAAP basis - Statement D and Budgetary basis - RSI-1 reported revenues, expenditures and changes in fund balances for the general as of June 30, 2024.

Town general fund	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 27,068,648	\$ -25,269,890	\$ -495,710	\$ 1,303,048
Current fiscal year encumbrances	-	-	-	-
Prior fiscal year encumbrances	-	9,976	-	9,976
Non-cash capital activity	-	23,256	-23,256	-
State on-behalf benefits related to pensions	-2,501,166	2,501,166	-	-
State on-behalf benefits related to OPEB	-34,036	34,036	-	-
Budgetary basis - RSI-1	<u>\$ 24,533,446</u>	<u>\$ -22,701,456</u>	<u>\$ -518,966</u>	<u>\$ 1,313,024</u>

#### E. Deposits and Investments

Cash and cash equivalents include cash on hand as well as amounts in demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Town values investments at their fair value based on quoted market prices. Some types of investments authorized by the State of Connecticut include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, shares in the Connecticut Short-Term Investment Fund and repurchase agreements. The Town may vote to accept investments other than those authorized by the State when they have been donated to the Town.

The 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 overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. 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 fair value of the position in the pool is the same as the value of the pool shares.

#### F. Receivables & Allowance for Doubtful Accounts

All active property tax, intergovernmental and other receivable balances of the Town are reported net of any allowance for doubtful accounts. Suspense property tax amounts are not reported. The current year fund financial statement accounts receivable balances for the governmental funds of the Town include property tax principal amounts of \$232,707, intergovernmental amounts due on state, federal and other grant and award contracts and agreements of \$112,426 and other receivable amounts of \$129,351. The intergovernmental receivable amount is made up of general fund grants in the amount of \$818 and amounts due from towns for municipal building services fees of \$41,104 and non-major special revenue fund school lunch program grants of \$26,234 and school education grants of \$44,270. The other receivable amount is made up of general fund tax collection service amounts received but not yet deposited to the town of \$126,084 and other miscellaneous receivables of \$3,264 and a non-major special revenue fund miscellaneous amount of \$3. The current year government-wide financial statements include all of the above mentioned receivable types in addition to accumulated delinquent interest and fees on the active property tax principal amounts. Delinquent interest and fees on suspense tax receivable principal balances are not included. The current year delinquent interest receivable balance is \$92,483. The Town will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received. The current allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be \$0. The Town considers past experience with receivable balance collections and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

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**G. Estimates**

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

**H. Revenue Recognition - Property Taxes**

The Town's property tax for the current year was levied June 27, 2023 on the grand list as of October 1, 2022, for the real and personal property located in the Town at a rate of 43.82 mills and the motor vehicles located in the Town at a rate of 32.46 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2023. Supplemental motor vehicle taxes were due on January 1, 2024. Interest on unpaid taxes commenced 30 days after the aforementioned due dates, at 18% per annum or 1.50% per month. In the fund financial statements, property tax revenues are recorded in the amount of the annual property tax assessment with an adjustment for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue.

**I. Tax Acquired Property**

Property which has been foreclosed on by the Town due to non-payment of taxes or other similar situations is classified as tax acquired property at the value of the original outstanding tax receivable amount. Interest and fees on the property are recorded at such time when the property is sold. The Town does not currently have any property being classified as tax acquired.

**J. Inventories**

In 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 which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as an expenditure when used. The Town currently has recorded an inventory amount of \$10,431 as it relates to the school lunch program.

**K. Prepaid Items**

Payments made to vendors for goods and services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the goods or services are consumed. Expenditures relatively minor in nature for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Town generally considers relatively minor in nature to include aggregated similar items not exceeding \$2,500. Payments made to vendors for goods and services that will only benefit periods beyond the end of the fiscal year are recorded as prepaid items regardless of the dollar amount.

**L. Capital Assets**

Capital assets of the Town may include land and improvements, buildings and improvements, vehicles, equipment, right to use and subscription assets, infrastructure, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. Infrastructure assets recorded by the Town may include improved and unimproved town roads, and bridges. All improvements to capital assets are capitalized which add to the value or materially extend the life of the asset. All capital assets of the Town are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset but may also include capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. The Town generally maintains a capitalization threshold of \$5,000 for all equipment, \$10,000 for vehicles, \$25,000 for buildings and improvements. Land purchases are recorded regardless of amount. Donated capital assets are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the asset into its intended location and use. Capital assets are only shown on the government-wide statement of net position.

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Land is not depreciated. All other individual capital assets of the Town are depreciated over their estimated useful lives using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its estimated useful life. The general estimated useful lives for specific types of capital assets used by the Town are 3 - 10 years for equipment, 5 - 10 years for vehicles and 30 - 50 years for buildings and building improvements and infrastructure and improvements thereto. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Depreciation expense on capital assets is only shown on the government-wide statement of activities.

**M. Leases and Right to Use Lease Assets**

The Town may at times lease land, buildings and equipment as part of lease agreements under which the Town is the lessee. Under these lease agreements, the Town recognizes a lease liability and an intangible right to use lease asset (lease asset) in the applicable governmental activities and business-type activities in the government wide financial statements and in the proprietary fund financial statements. The Town generally recognizes lease liabilities with an initial, individual value of \$5,000 or more though lease liabilities are considered individually and in the aggregate.

At the beginning of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. The future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the Town, the Town's estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term) should be used. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Lease liabilities are reported with long-term debt on the statement of net position. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight line basis over the shorter of the lease term or the estimated useful life of the underlying asset. If a lease contains a purchase option that the lessee has determined is reasonably certain of being exercised, the lease asset should be amortized over the useful life of the underlying asset. Lease assets are reported with other capital assets on the statement of net position.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that individually or in the aggregate are expected to significantly affect the amount of the lease liability. Examples of changes that may occur to a lease that may result in the need for a remeasurement of the lease liability would include a change in the lease term, a change in the interest rate the lessor charges the Town or an assessment that indicates that the likelihood of a purchase option being exercised has changed from reasonably certain to not reasonably certain, or vice versa.

**N. Subscription Liabilities and Right to Use Subscription Assets**

The Town may at times enter into Subscription Based Information Technology Arrangements (SBITA's). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under these SBITA agreements, the Town recognizes a subscription liability and an intangible right to use subscription asset (subscription asset) in the applicable governmental activities and business-type activities in the government wide financial statements and in the proprietary fund financial statements (when present). The Town generally recognizes subscription liabilities with an initial, individual value of \$5,000 or more though subscription liabilities are considered individually and in the aggregate.

At the beginning of a SBITA, the Town initially measures the subscription liability at the present value of payments expected to be made during the term of the agreement. These future payments should be discounted using the interest rate the vendor charges the Town, which may be the interest rate implicit in the agreement. If the interest rate cannot be readily determined by the Town, the Town's estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the payment amounts during the term of the agreement) should be used. Subsequently, the subscription liability is reduced by the principal portion of the payments made. Subscription liabilities are reported with long-term debt on the statement of net position.

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The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the agreement commencement date, plus certain initial direct costs. The subscription asset is amortized on a straight line basis over the shorter of the agreement term or the estimated useful life of the underlying asset.

The Town monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and liability if certain changes occur that individually or in the aggregate are expected to significantly affect the amount of the subscription liability. Examples of changes that may occur to a SBITA that may result in the need for a remeasurement of the subscription liability would include a change in the agreement term and a change in the interest rate the vendor charges the Town.

**O. Unearned Revenue and Deferred Inflows and Outflows of Resources**

In the government-wide financial statements, revenue amounts which have been received in cash but not yet earned are recorded as unearned revenue. The current fiscal year unearned revenue balance of the governmental activities of the Town as shown on the statement of net position totaled \$2,400,717. This balance is made up of \$2,397,838 which represents unspent state, federal and other grant program balances which will be used in upcoming fiscal years, \$2,870 of preschool tuition revenue received for the upcoming fiscal year and \$9 representing miscellaneous program receipts for the upcoming fiscal year. In the fund financial statements, revenues are recognized when they are both measurable and available to pay current liabilities. For government-mandated non-exchange transactions as well as voluntary non-exchange transactions which would include certain governmental grants received by the Town, revenues are recognized in the period when all applicable eligibility requirements have been met and when the resources are available. For grant agreements, once the Town has received the funds and is within the allowable spending period all applicable eligibility requirements are deemed to have been met at which time the purpose restrictions related to how the grant funds need to be spent become applicable. Any grant revenues which have been recognized because the Town has met all the applicable eligibility requirements but for which they have not yet met all of the purpose restrictions associated with the grant agreements are recorded as restricted fund balance amounts at the end of the fiscal year. In the fund financial statements, the current fiscal year unearned revenue balance of the governmental funds as shown on the balance sheet totaled \$2,879. This amount represents the above mentioned program receipts for the upcoming fiscal year.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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) until that time. The first item of deferred outflows relates to the total OPEB liability, which may include differences between expected and actual experience, changes in assumptions, changes in the proportionate share of contributions and the net difference between projected and actual earnings on plan investments. These amounts are deferred and amortized over an actuarial determined number of years. The second item of deferred outflows relates to the deferred charges on bond refundings. A deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The current fiscal year deferred outflows of resources balance of the governmental activities of the Town as shown on the statement of net position totaled \$519,757. The portion of this amount which is related to OPEB totaled \$317,574 and is made up of the actuarial determined differences between expected and actual experience of \$140,067 and changes of assumptions of \$177,507. The portion of this amount which is related to the deferred charges on bond refundings totaled \$202,183 and is made up of the unamortized deferred charges on the 2017 bond refunding of \$180,662 and the unamortized deferred charges on the 2021 bond refunding of \$21,521.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities have deferred inflows that relate to the total OPEB liability, which may include differences between expected and actual experience, changes in assumptions, changes in the proportionate share of contributions and the net difference between projected and actual earnings on plan investments. These amounts are deferred and amortized over actuarial determined number of years. The current fiscal year deferred inflows of resources balance of the governmental activities of the Town as shown on the statement of net position totaled \$765,106. The portion of this amount which is related to OPEB totaled \$544,376 and is made up of the actuarial determined differences between expected and actual experience of \$329,918 and changes in assumptions of \$214,458. The portion of this amount which is related to advance property tax collections totaled \$220,730. The governmental funds of the Town currently report deferred inflows of resources on the balance sheet relating to unavailable revenue from property taxes of \$214,170 which is calculated when considering the amount of property taxes receivable not expected to be received within the first 60 days after the fiscal year end as well as the aforementioned advance property tax collections in the amount of \$220,730.

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**P. Interfund Receivables and Payables**

Inter fund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to transfers which were not physically made but need to be recorded to keep track of the individual fund balances and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another fund. Expenditures for one fund paid for out of another fund are also included in these balances. The inter fund balances and related activities of the governmental funds have been eliminated in the government-wide statement of net position and the statement of activities, however, the inter fund balances and related activity between the governmental, business-type and fiduciary fund activities of the Town are not eliminated on these statements when present.

**Q. Accounts Payable, Accrued Payroll and Other Liabilities**

The accounts payable balance of the Town is used to account for the expenses or expenditures related to invoices for the current fiscal year which have been received but which have not yet been paid. Under both the accrual and modified accrual basis of accounting expenses and expenditures are recorded when they are incurred. The accrued payroll balances of the Town represent amounts earned for hours worked prior to the end of the fiscal year which were not physically paid until after the end of the fiscal year. The other liabilities balance as shown on both the government-wide and fund financial statements of \$235,048 is made up of maintenance bonds of \$173,280 and driveway bonds of \$24,000 which have been received but not yet fulfilled and thus not yet returned, security and rental deposits of \$4,449 which will be returned as outlined in each application and agreement, school and town insurance clearing accounts of \$22,367 and reimbursable building fees of \$7,285 which are expected to be applied to expenditures during the upcoming fiscal year and other miscellaneous items of \$3,667.

**R. Major Funds**

Within the fund financial statements, the focus of the governmental funds of the Town is on the major funds. The general fund of the Town must always be shown as a major fund. In addition, other governmental funds are shown as major based on an evaluation of the following criteria.

- a. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 10% of the corresponding totals for all governmental or enterprise funds and
- b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 5% of the corresponding totals for all governmental and enterprise funds combined.
- c. Any other individual governmental or enterprise (if present) fund that the Town believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of the fund and the activities reported within the fund is as follows. Additional financial information on the Town capital funds can be found in Sub-Schedule A starting on page 66 of the financial statements.

- d. Town capital funds - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects. The activities within this fund are financed through annual appropriations approved as part of the annual budget, long-term and short term financing and through other miscellaneous grants and revenues. In addition, this fund includes the school capital fund. This capital fund is used to account for a portion of education tuition revenue which is designed to be used to pay a portion of the annual debt service requirements for the school construction related debt.
- d. ARPA grant funds - This fund is used to account for the financial resources received by the Town under the American Rescue Plan Act of 2021 (ARPA). The acceptable use of these funds as outlined in the Final Rule of the U.S. Department of the Treasury include replacing lost public sector revenue, addressing public health and economic impacts, premium pay and water, sewer & broadband infrastructure. These grant funds must be obligated by December 31, 2024 and expended by December 31, 2026. The Town has not yet used any of the ARPA funds that it has received.
- e. Cemetery activity fund - This fund is used to account for a portion of the assets which were transferred from the Bolton Cemetery Association, Inc. which was a legally separate organization within the town which maintained the cemeteries within the town. Cemetery lot sales and other related revenues as well as upkeep and maintenance costs are accounted for within this fund.

**Town of Bolton, Connecticut**  
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**S. Fund Balance Classification Policies and Procedures**

Within the fund financial statements, the fund balance amounts of the governmental funds of the Town as shown on the balance sheet are broken down between nonspendable, restricted, committed, assigned and unassigned. These fund balance classifications are described as follows:

- a. **Nonspendable fund balance** - Nonspendable fund balance include amounts that cannot be spent because they are either (a) not in a spendable form such as inventories or prepaid expenditures or (b) they are legally or contractually required to be maintained intact such as the principal portion of a permanent fund. The nonspendable funds balance of the Town consists of the principal portion of its permanent funds and a corresponding amount for the recorded amount of inventory and prepaid expenditures.
- b. **Restricted fund balances** - Restricted fund balance include amounts that are restricted to a specific purpose when the restraints are placed on the use of the resources either by (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources from external sources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted fund balance amounts of the Town consist of the residual fund balance amounts at the end of the fiscal year as they relate to grants received from either state, federal or local funding sources or donations received to be spent for specific purposes. These amounts are restricted to be expended on the items outlined within the funding agreement with the Town and cannot be used for any other specified purposes. In addition, the Town has created a special revenue fund to account for and report the proceeds of funds collected by the town clerks office as mandated by the State of Connecticut in relation to historic document preservation fees and mortgage filing related fees. These mandated fees are considered a form of enabling legislation imposed by the State and therefore the funds collected by the Town are restricted to be expended based on the parameters of the enabling legislation. Other funds restricted by the Town include the non-principal portion of permanent funds well as education and town grants and programs.
- c. **Committed fund balance** - Committed fund balance include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Finance Committee is considered to be the highest level of decision making authority within the Town for determining committed fund balance amounts. The Finance Committee has the final approval for the budget amounts which are presented to the citizens of the Town for approval and in turn the establishment of the related special revenue or capital project funds. The approval of the annual town budget may include amounts characterized as specific revenue sources as a portion of either the annual tax commitment or other specific revenue sources contained and voted on within the annual budget. An example of a committed fund balance amount would relate to an approved transfer to an established special revenue or capital project fund. The residual fund balance amount within these funds at the end of the fiscal year would be classified as committed fund balance. Any subsequent change in the specific purpose or use of these committed funds would need to be approved either at the annual town meeting or a special town meeting. The Board of Selectmen created an employment separation fund as well as other funds through Town ordinances which are also being shown as committed general fund balance amounts.
- d. **Assigned fund balance** - Assigned fund balance include amounts that are constrained by the Town with the intent to be used for specific purposes, but which are neither restricted or committed. The intent to use funds for specific purposes is to be assigned by either town meeting appropriations, the Board of Selectmen, the Finance Committee or the Town Administrator individually as authorized by the Finance Committee. The Town Administrator has the authority to accept funds on behalf of the Town which are specific revenue to be used for specific purposes and to establish special revenue or capital project funds to account and report these amounts. Assigned special revenue and capital project funds are usually made up of small streams of specific revenue sources for specific purposes for which there is a perceived benefit to segregating and reporting the funds rather than including them within the general fund. In addition, annual budgetary encumbrances outstanding at the end of the fiscal year are classified by the Town as assigned amounts within the general or specific special revenue or capital project funds. Subsequent fiscal year budgeted appropriations of the unassigned general fund balance are also reported as assigned fund balance amounts of the general fund at the end of the current fiscal year as long as the subsequent budget has been approved. The Town also internally assigns an amount to be set aside for future unforeseen financial emergencies within the Town.
- e. **Unassigned fund balance** - Unassigned fund balance is the residual classification for the general fund of the Town. This classification represents fund balance amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. In addition, individual governmental funds whose ending fund balance is negative are also classified as unassigned within the specific fund.

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The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet.

	General fund	Town capital funds	ARPA grant funds	Cemetery activity funds	Non-major governmental funds	Total governmental funds
Fund balances:						
Nonspendable:						
Inventories and prepaid items	\$ 7,447	\$ -	\$ -	\$ -	\$ 21,586	\$ 29,033
Permanent funds principal	-	-	-	-	117,905	117,905
	<u>7,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,491</u>	<u>146,938</u>
Restricted:						
Town ARPA grant	-	-	1,445,423	-	-	1,445,423
Town aid roads grant	-	-	-	-	608,319	608,319
Educational grants	-	-	-	-	177,782	177,782
Education programs	-	-	-	-	54,479	54,479
Other town grants and programs	-	-	-	-	232,936	232,936
Permanent funds non-principal	-	-	-	-	95,344	95,344
	<u>-</u>	<u>-</u>	<u>1,445,423</u>	<u>-</u>	<u>1,168,860</u>	<u>2,614,283</u>
Committed:						
Employment separation funds	188,659	-	-	-	-	188,659
Health insurance funds	184,041	-	-	-	-	184,041
Founders day funds	72,703	-	-	-	-	72,703
Economic development funds	5,445	-	-	-	-	5,445
Town capital reserve fund	-	1,813,598	-	-	-	1,813,598
School capital reserve fund	-	206,127	-	-	-	206,127
BCS facility and paving	-	172,912	-	-	-	172,912
Debt issuance costs	-	3,565	-	-	-	3,565
Heritage farm improvements	-	37,650	-	-	-	37,650
Prior town fire truck purchase	-	3,896	-	-	-	3,896
Cemetery activity fund	-	-	-	817,249	-	817,249
Recreation round fund	-	-	-	-	199,818	199,818
Buildings and grounds fund	-	-	-	-	68,958	68,958
Open space reserve funds	-	-	-	-	63,833	63,833
Bentley memorial library fund	-	-	-	-	43,203	43,203
Other town grants and programs	-	-	-	-	86,460	86,460
	<u>450,848</u>	<u>2,237,748</u>	<u>-</u>	<u>817,249</u>	<u>462,272</u>	<u>3,968,117</u>
Assigned:						
Internal assignment of funds for unforeseen financial emergencies	2,109,635	-	-	-	-	2,109,635
Fund balance budgeted for use during the upcoming fiscal year	2,323,869	-	-	-	-	2,323,869
Animal control fund	-	-	-	-	27,095	27,095
School activity funds	-	-	-	-	57,298	57,298
	<u>4,433,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,393</u>	<u>4,517,897</u>
Unassigned						
Residual general fund balance	1,170,861	-	-	-	-	1,170,861
Current town fire truck purchase	-	-628,697	-	-	-	-628,697
Other programs and grants	-	-5,950	-	-	-2,000	-5,950
	<u>1,170,861</u>	<u>-634,647</u>	<u>-</u>	<u>-</u>	<u>-2,000</u>	<u>534,214</u>
Total fund balances	<u>\$ 6,062,660</u>	<u>\$ 1,603,101</u>	<u>\$ 1,445,423</u>	<u>\$ 817,249</u>	<u>\$ 1,853,016</u>	<u>\$ 11,781,449</u>

**Town of Bolton, Connecticut**  
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**T. Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town of Bolton does utilize encumbrance accounting. Outstanding encumbrances represent assigned fund balance as the related expenditures have not yet flowed down to and reduced fund balance. As of June 30, 2023, the assigned general fund balance as shown on the balance sheet relating to outstanding town encumbrances totaled \$0 and outstanding school encumbrances totaled \$0.

**Note 2 - Restricted Cash and Investments**

The Town breaks down cash and investments between a regular current asset and an other asset restricted on the government-wide statement of net position. The other assets restricted cash and investments amounts are made up of cash and investment balances which are restricted for a specific purpose in subsequent fiscal years. The current year amounts on the government-wide statement of net position can be broken down as follows.

Restricted cash	
Unearned state, federal, and other grant program balances	\$ 2,397,838
Restricted investments	
Nonspendable balance of non-major permanent funds	\$ 117,905
Restricted balance of non-major permanent funds	95,344
	<u>\$ 213,249</u>

**Note 3 - Deposits and Investments**

The deposit of public funds is controlled by the Connecticut General Statutes Section 7-402. Deposits may be made in a qualified public depository as defined by the statute or, in amounts not exceeding FDIC insurance limits, in an out of state bank as defined by the statute, which is not a qualified public depository. Section 7-400 of the statutes permit municipalities to invest public funds in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the statutes cover specific municipal funds with investment authority.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. The bank accounts of the Town are covered by FDIC insurance up to \$250,000 in demand deposit accounts and up to \$250,000 in time deposit accounts per financial institution. At year end, the carrying amount of the Town's deposits was \$9,621,882 which is shown in the financial statements as cash balances of \$9,596,848 (\$9,565,345 on Statement C and \$31,503 on Statement E) and investment balances of \$25,034 which represents a certificate of deposit. The corresponding bank balances of these accounts at various financial institutions totaled \$9,730,305 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$706,532 was covered by FDIC with the remaining \$9,023,773 representing balances that were not insured but rather collateralized in part by securities held by the pledging financial institutions' trust department or agent but not in the Town's name in accordance with and in the amounts and coverage percentages required by State statutes.

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The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

## Investments

The following schedule shows the different types of investments held by the Town, the maturities of those investments and the associated credit ratings as of June 30, 2024.

Type	Fair value	Maturities in years			Credit ratings	
		Less than 1 year	1 - 5 years	6 - 10 years	Moody's	S & P
Governmental activities and funds:						
State Short-Term Investment Fund	\$ 3,770,105	\$ 3,770,105	\$ -	\$ -	not rated	AAAm
Certificates of deposit	25,034	25,034	-	-	not rated	not rated
	<u>\$ 3,795,139</u>	<u>\$ 3,795,139</u>	<u>\$ -</u>	<u>\$ -</u>		

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Credit Risk - The Town does not have a formal investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes. Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments. Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the Statement of Net Position or Balance Sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

		Fair value measurement		
Investments	Fair value	Level 1	Level 2	Level 3
<b>Governmental activities and funds:</b>				
State Short-Term Investment Fund	\$ 3,770,105	\$ 3,770,105	\$ -	\$ -
Certificates of deposit	25,034	25,034	-	-
	<u>\$ 3,795,139</u>	<u>\$ 3,795,139</u>	<u>\$ -</u>	<u>\$ -</u>

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**Note 4 - Interfund Receivables, Payables and Transfers**

**Interfund receivables and payables** - The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. The purpose for interfund balances is to keep track of each fund's position in this cash pool. These balances are not expected to be repaid due to the fact that they simply represent funds collected or spent by one fund on behalf of another fund. The following information represents interfund receivables and payables by individual major fund and non-major funds in the aggregate. Only the balances for major funds are being shown below. The following fund financial statement inter fund balances are eliminated in the government-wide financial statements

	Receivable due from	Payable due to
<b>General fund:</b>		
Town capital funds		
Town capital reserve fund 2960	\$ -	\$ 1,818,721
School capital reserve fund 3452	204,480	-
School capital projects fund 3482	4,165	176,477
Town capital projects fund 3521	-	42,849
ARPA grants fund	-	1,445,423
Cemetery activity funds	17,361	-
Non-major special revenue funds	46,270	1,382,623
	<u>\$ 272,276</u>	<u>\$ 4,866,093</u>
<b>Town capital funds:</b>		
General fund		
Town capital reserve fund 2960	\$ 1,818,721	\$ -
School capital reserve fund 3452	-	204,480
School capital projects fund 3482	176,477	4,165
Town capital projects fund 3521	42,849	-
	<u>\$ 2,038,047</u>	<u>\$ 208,645</u>
<b>ARPA grant funds:</b>		
General fund	<u>\$ 1,445,423</u>	<u>\$ -</u>
<b>Cemetery activity funds:</b>		
General fund	<u>\$ -</u>	<u>\$ 17,361</u>

**Interfund transfers** - Transfers in and out represent budgeted transfers which are not always physically made but need to be recorded to keep track of the individual fund balances and the transfers of income earned from one individual fund to another in accordance with the requirements of the individual funds. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The following information represents interfund transfers by individual major fund and non-major funds in the aggregate. The general fund transfer to the town capital funds relates to an amount included in the annual budget. The general fund transfer to the non-major special revenue funds relates to a transfer from the school general fund to the school lunch program for unpaid school lunch balances of \$942, an amount allocated by the school general fund to the Bolton High School non-fiduciary officials account of \$14,500 as well as a town general fund amount included in the annual budget as a contribution to the recreation round fund. The town capital funds transfer relates to an amount included in the annual budget.

	Transfers in	Transfers out
<b>General fund:</b>		
Town capital funds:		
Town capital reserve fund 2960	\$ -	\$ -492,380
Non-major special revenue funds	-	-26,586
	<u>\$ -</u>	<u>\$ -518,966</u>
<b>Town capital funds:</b>		
General fund		
Town capital reserve fund 2960	<u>\$ 492,380</u>	<u>\$ -</u>

**Town of Bolton, Connecticut**  
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**Note 5 - Capital Assets**

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2024. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1L starting on page 22 of the notes to the financial statements.

	Balance 07/01/23	Additions	Retirements	Balance 06/30/24
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 4,514,884	\$ -	\$ -	\$ 4,514,884
Construction in progress	11,355	185,404	-196,759	-
	<u>4,526,239</u>	<u>185,404</u>	<u>-196,759</u>	<u>4,514,884</u>
Capital assets being depreciated:				
Buildings and improvements	44,949,984	146,525	-	45,096,509
Vehicles	4,860,108	683,325	-	5,543,433
Equipment	3,652,356	317,635	-	3,969,991
Right to use assets	115,862	196,759	-	312,621
Subscription assets	-	23,256	-	23,256
Infrastructure	16,308,008	324,163	-	16,632,171
Total at historical value	<u>69,886,318</u>	<u>1,691,663</u>	<u>-</u>	<u>71,577,981</u>
Less accumulated depreciation for:				
Building and improvements	-20,279,957	-1,121,785	-	-21,401,742
Vehicles	-3,179,539	-271,263	-	-3,450,802
Equipment	-2,443,700	-347,816	-	-2,791,516
Right to use assets	-52,637	-61,429	-	-114,066
Subscription assets	-	-7,752	-	-7,752
Infrastructure	-7,752,099	-453,507	-	-8,205,606
Total accumulated depreciation	<u>-33,707,932</u>	<u>-2,263,552</u>	<u>-</u>	<u>-35,971,484</u>
Total capital assets being depreciated (net)	<u>36,178,386</u>	<u>-571,889</u>	<u>-</u>	<u>35,606,497</u>
Governmental activities capital assets (net)	<u><u>\$ 40,704,625</u></u>	<u><u>\$ -386,485</u></u>	<u><u>\$ -196,759</u></u>	<u><u>\$ 40,121,381</u></u>

Depreciation expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. During the current fiscal year depreciation was charged to general government - \$182,796, public works - \$109,935, public safety - \$228,334, community services - \$38,443, sanitation and waste - \$2,303, education - \$1,248,234 and general infrastructure - \$453,507 for a total current fiscal year depreciation expense amount of \$2,263,552.

**Note 6 - Net Position Balances - Net Investment in Capital Assets**

The net investment in capital assets net position amount on the government-wide statement of net position consisted of the following items as of June 30, 2024.

	Governmental activities
Recorded value of capital assets	\$ 76,092,865
Less accumulated depreciation	-35,971,484
Book value of capital assets	<u>40,121,381</u>
Less capital assets related debt	<u>-6,964,569</u>
Total net investment in capital assets	<u><u>\$ 33,156,812</u></u>

**Town of Bolton, Connecticut**  
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**Note 7 - Short-Term Debt**

The Town currently has an outstanding bond anticipation note which was issued on August 29, 2023 in the amount of \$630,000. This note is due on August 28, 2024 including interest at a rate of 4.25%. This note was used to finance a portion of the costs of a 2023 Pierce Velocity Custom Pumper truck. This note is recorded as a current liability in both the government-wide financial and fund financial statements.

**Note 8 - Long-Term Debt and Other Liabilities**

The long-term debt and other liabilities of the Town are made up of the following individual debt agreements and amounts. Long-term debt and other liabilities are shown on the government-wide financial statements as governmental activities items on the statement of net position.

	Balance 07/1/23	Additions	Reductions	Balance 06/30/24	Amount due within one year
<b>Governmental activities:</b>					
Outstanding payables:					
Bonds payable	\$ 7,020,000	\$ -	\$ -845,000	\$ 6,175,000	\$ 865,000
Right to use leases payable	68,474	121,718	-46,168	144,024	65,215
Subscription liability payable	-	23,256	-7,711	15,545	7,579
Total outstanding payables	<u>7,088,474</u>	<u>144,974</u>	<u>-898,879</u>	<u>6,334,569</u>	<u>937,794</u>
Other liabilities:					
Unamortized bond premiums	517,481	-	-73,958	443,523	
Accrued compensated absences	315,398	15,566	-803	330,161	
Total OPEB liability	<u>1,263,318</u>	<u>-</u>	<u>-180,320</u>	<u>1,082,998</u>	
Total other liabilities	<u>2,096,197</u>	<u>15,566</u>	<u>-255,081</u>	<u>1,856,682</u>	
Total long-term liabilities	<u>\$ 9,184,671</u>	<u>\$ 160,540</u>	<u>\$ -1,153,960</u>	<u>\$ 8,191,251</u>	<u>\$ 937,794</u>

**Outstanding bonds payable:**

\$1,675,000 general obligation bond issued in June of 2017 to finance improvements at the Bolton Center School, Heritage Farm and a new fire truck purchase with interest ranging from 3.00% to 5.00% through August of 2026.	\$ 510,000
\$4,995,000 advance refunding bond issued in June of 2017 to advance refund \$5,170,000 of the outstanding bonds issued in August of 2010 with interest ranging from 3.00% to 5.00% through May of 2032.	3,650,000
\$2,690,000 advance refunding bond issued in February of 2021 to advance refund \$2,730,000 of the outstanding bonds issued in May of 2012 with interest ranging from 2.00% to 1.05% through May of 2032.	2,015,000
	<u>\$ 6,175,000</u>

The following is a summary of the total outstanding principal and interest cash flow requirements for the bonds payable of the Town for the fiscal years ending June 30:

	Principal	Interest	Total
2025	\$ 865,000	\$ 195,057	\$ 1,060,057
2026	885,000	166,470	1,051,470
2027	915,000	133,632	1,048,632
2028	770,000	101,583	871,583
2029	800,000	75,282	875,282
2030 - 2034	<u>1,940,000</u>	<u>70,548</u>	<u>2,010,548</u>
	<u>\$ 6,175,000</u>	<u>\$ 742,572</u>	<u>\$ 6,917,572</u>

**Town of Bolton, Connecticut**  
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**Outstanding right to use leases payable:**

The Town entered into a right to use lease agreement in the amount of \$121,718 in August of 2023 in relation to the rental of a portable office building. The agreement is for a minimum of 36 months with monthly payments of \$3,642. The lease liability is measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate.

\$ 99,286

The Town entered into two postage machine lease agreements in the amounts of \$15,660 in July of 2021 and \$3,320 in February of 2022. These lease agreements are for 60 months with quarterly lease payments of \$846 and \$179, respectively. The lease liabilities are measured at a discount rate of 3.00% based on a stated rate.

9,225

The Board of Education entered into three postage machine lease agreements in the amount of \$4,237 each in August of 2021 and December of 2021. These agreements are for 60 months with quarterly lease payments of \$229. The lease liabilities are measured at a discount rate of 3.00% based on a stated interest rate.

6,166

The Board of Education entered into a copier lease agreement in the amount of \$84,171 in January of 2021. The lease agreement is for 60 months with quarterly lease payments of \$1,749. The lease liability is measured at a discount rate of 9.07% based on a stated interest rate.

29,347  
\$ 144,024

The following is a summary of the total outstanding principal and interest cash flow requirements for the right to use leases payable of the Town for the fiscal years ending June 30:

	Principal	Interest	Total
2025	\$ 65,215	\$ 6,333	\$ 71,548
2026	58,549	2,501	61,050
2027	20,260	249	20,509
2028	-	-	-
2029	-	-	-
	<u>\$ 144,024</u>	<u>\$ 9,083</u>	<u>\$ 153,107</u>

**Outstanding subscription liability payable:**

The Town Clerk entered into a Subscription Based Information Technology Arrangement in relation to the access and use of a land records management system in July of 2023. The arrangement is for 36 months with monthly payments ranging from \$740 to \$682. The liability is measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate.

\$ 15,545

The following is a summary of the total outstanding principal and interest cash flow requirements for the right to use leases payable of the Town for the fiscal years ending June 30:

	Principal	Interest	Total
2025	\$ 7,579	\$ 605	\$ 8,184
2026	7,966	218	8,184
2027	-	-	-
2028	-	-	-
2029	-	-	-
	<u>\$ 15,545</u>	<u>\$ 823</u>	<u>\$ 16,368</u>

**Town of Bolton, Connecticut**  
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**Amortization of bond premiums and deferred charge on bond refunding**

The \$1,675,000 general obligation bond was issued in June of 2017 at a premium. The Town received \$1,809,020 in proceeds from this bond with \$134,020 representing the premium amount. The total proceeds amount of \$1,809,020 was deposited by the Town into the capital projects fund. The bond premium amount is being amortized over the life of the bond on a straight line basis at a rate of \$7,054 for each interest payment made. The balance of this unamortized premium is \$35,271 as of June 30, 2024.

The \$4,995,000 advance refunding bond was issued in June of 2017 at a premium. The Town received \$5,665,568 in proceeds from this bond with \$634,957 representing the premium amount. The total proceeds amount of \$5,665,568 was reduced by an amount of \$5,584,850 which was deposited into the refunding escrow account and \$35,611 which represented the underwriters discount leaving an amount of \$45,107 which was deposited by the Town into the capital projects fund. The bond premium amount is being amortized over the life of the bond on a straight line basis at a rate of \$23,517 for each interest payment made. The balance of this unamortized premium is \$305,719 as of June 30, 2024.

The \$2,690,000 advance refunding bond was issued in February of 2021 at a premium. The Town received \$2,861,602 in proceeds from this bond with \$171,602 representing the premium amount. The total proceeds amount of \$2,861,602 was reduced by an amount of \$2,764,965 which was deposited into the refunding escrow account and \$24,210 which represented the underwriters discount leaving an amount of \$73,427 which was deposited by the Town into the capital projects fund. The bond premium amount is being amortized over the life of the bond on a straight line basis at a rate of \$6,408 for each interest payment made. The balance of this unamortized premium is \$102,533 as of June 30, 2024.

A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The current fiscal year deferred charge on bond refunding in relation to the \$4,995,000 advanced refunding in June of 2017 is \$180,662. The current fiscal year deferred charge on bond refunding in relation to the \$2,690,000 advanced refunding in February of 2021 is \$21,521. The total deferred charge on bond refunding is \$202,183 as of June 30, 2024. The annual amortization of these deferred charge amounts is recognized as an addition to interest expense.

The following is a summary of the actual bond interest expense which will be recognized by the Town in the government-wide financial statements when adding the actual cash payments made for the interest due on its annual bonds, subtracting out the aforementioned annual amortization of the bond premium amounts and adding in the aforementioned annual amortization of the deferred changes on bond refunding for the fiscal years ending June 30:

	Interest payments	Premium on bond issuances	Deferred charge on bond refunding	Interest expense total
2025	\$ 201,995	\$ -73,958	\$ 28,498	\$ 156,535
2026	169,189	-73,958	28,498	123,729
2027	133,881	-66,908	28,498	95,471
2028	101,583	-59,851	28,498	70,230
2029	75,282	-59,851	28,498	43,929
2030 - 2034	70,548	-108,997	59,693	21,244
	<u>\$ 752,478</u>	<u>\$ -443,523</u>	<u>\$ 202,183</u>	<u>\$ 511,138</u>

**Interest expense**

The total interest expense incurred by the Town during the current fiscal year totaled \$229,856. In the fund financial statements, this amount is shown in the general fund as interest expense in the amount of \$221,483, in the town capital reserve fund in the amount of \$3,271, within general government expenditures in the amount of \$1,337 and within education expenditures in the amount of \$3,765. In the government-wide financial statements, the total interest expense incurred by the Town of \$229,856 was decreased by (\$73,958) relating to the current fiscal year portion of the amortization of the premium on prior bonding agreements entered into by the Town, increased by \$28,498 relating to the current fiscal year portion of the amortization of the deferred charge on a prior bond refunding agreements entered into by the Town, decreased by the reversal of the prior fiscal year accrued interest amount of (\$96,128) and increased by the current fiscal year accrued interest amount of \$86,524 for a total recorded interest expense amount of \$174,792. In the government-wide financial statements, this entire amount is shown as interest expense.

**Town of Bolton, Connecticut**  
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**Advance refunding - 2017**

On June 21, 2017, the Town issued \$4,995,000 in advance refunding bonds which were used to refund \$5,170,000 of outstanding general obligation bonds which were originally issued on August 1, 2010. The net proceeds of this advance refunding in the amount of \$5,584,850 were deposited with an escrow agent and placed in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds were considered defeased and the liability for those bonds as well as the related premium liability were removed from the statement of net assets. The \$5,170,000 of refunded bonds were paid through the escrow agent with the assets of the irrevocable trust fund during a prior fiscal year thus closing the irrevocable trust fund.

**Advanced refunding - 2021**

On February 26, 2021, the Town issued \$2,690,000 in advance refunding bonds which were used to refund \$2,730,000 of outstanding general obligation bonds which were originally issued on May 1, 2012. The net proceeds of this advance refunding in the amount of \$2,764,965 were deposited with an escrow agent and placed in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds were considered defeased and the liability for those bonds as well as the related premium liability were removed from the statement of net assets. The \$2,730,000 of refunded bonds were paid through the escrow agent with the assets of the irrevocable trust fund during a prior fiscal year thus closing the irrevocable trust fund.

**Accrued compensated absences**

Employees of the Town and the Board of Education are allowed to earn paid absences for vacations and/or sick time. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. Town accumulated balances are paid when an employee leaves. Therefore, the probability of these benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net position. School accumulated vacation balances are also paid when employees leave. However, school accumulated sick balances are only paid when an employee retires once certain age and or years of service requirements have been met rather than simply when the employee leaves. Therefore, the probability of these school accumulated vacation benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net position. The probability of school accumulated sick benefits being paid cannot be determined and therefore no liability for these benefits has been recorded. As of June 30, 2024, school accumulated sick balances for those who would receive the benefits if they retired as of June 30, 2024 based on reaching the required age and or years of service requirements totaled approximately \$244,723. A current portion of these recorded liabilities has not been estimated as these benefits may be used by the employees during the course of the fiscal year or they may be paid out upon retirement or termination.

**Note 9 - Town Employee Benefit Plan**

The employees of the Town are covered under a Deferred Compensation Plan. The plan allows employees to defer a portion of their salaries through payroll deductions into the Plan and invest it, on a tax-deferred basis. The Plan is administered by Mission Square and is authorized under Section 401 of the Internal Revenue Code. Plans of deferred compensation described in IRC section 401 are available for certain state and local governments and non-governmental entities tax exempt under IRC 501. Plans eligible under 401(a) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years.

Funds in the Deferred Compensation Plan are not subject to taxes until they are withdrawn from the Plan. At the time of withdrawal normal income taxes are due, but there is no IRS penalty, regardless of age. Because of the tax-deferred status of the funds in the Deferred Compensation Plan, Federal law strictly limits access to these funds and under normal circumstances prohibits participants from withdrawing these funds while employed with the Town. Employers or employees through salary reductions are allowed to contribute up to the standard IRC 402 (g) limit of \$24,000 in 2024 and \$22,500 in 2023 on behalf of participants under the plan. Elective deferrals may be made by eligible employees as outlined in the plan document. At varying points during the fiscal year, town contributions ranged from 5% to 8.5% of the wages for covered employees as outlined in the plan document and applicable union contracts. During the fiscal year ended June 30, 2024, approximately 26 employees participated in the plan at some point during the year. Total payroll for Town employees (excluding the Board of Education) was approximately \$2,518,990 of which approximately \$1,840,911 represented wages attributable to plan participant contributions. For the fiscal year ended June 30, 2024, the Town contributed \$110,369 to the plan on-behalf of the plan participants.

**Town of Bolton, Connecticut**  
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**Note 10 - Board of Education Non-Certified Employee Benefit Plans**

The employees of the Board of Education are covered under a Simplified Employee Pension Plan and a Tax sheltered annuity plan. These plans cover non-certified personnel such as secretaries, custodians, instructional aides, and certain administrative staff. Tax-Sheltered Annuity (TSA) arrangements are a form of defined contribution retirement plan available under Section 403(b) of the Internal Revenue Code. They are available to employees of Code Section 501(C)(3) tax-exempt organizations such as public colleges, universities and school systems. Subject to various limitations and restrictions, IRC §403(b) allows tax-deferred contributions to be made for the employees through salary reduction contributions of the employees. IRC §403(b) contributions must be invested in annuity contracts issued by life insurance companies or in shares of regulated investment companies (mutual funds) held in custodial accounts for the employee. Under the arrangement, a portion of the employee's compensation (determined by the employee within the limitations imposed by the Internal Revenue Code) is applied on a before-tax basis to an annuity contract or mutual fund shares owned by the employee. These amounts, together with any investment earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary) in the form of benefits, normally during retirement. The Board of Education contributes 6.00% of the covered employees wages. For the fiscal year ended June 30, 2024, approximately 2 employees participated in the plan at some point during the year. Total payroll for all employees including those eligible for the plan and those covered by other plans was approximately \$10,278,206 (excluding non-Board of Education employees), of which approximately \$118,341, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2024, the Board of Education contributed \$7,100 to the plan on-behalf of the plan participants.

A simplified employee pension plan is an employer sponsored, tax-favored retirement plan. Unlike a traditional qualified plan, a SEP plan doesn't need an extensive written plan document and has minimal reporting and disclosure requirements for compliance. Any type of business entity (sole proprietorship, partnership or corporation), as well as certain tax-exempt organizations, can establish a SEP plan for its employees. Each eligible employee opens a SEP IRA account with an approved custodian and the employer makes contributions to those accounts on behalf of the employees. To be valid for any given tax year, the SEP plan document must be executed and the SEP IRA accounts established and funded by the due date of the employer's tax return, including extensions. A SEP plan is funded by the employer and is 100% vested at all times. The SEP contribution limit is the lesser of 25% of an individual employee's compensation or \$69,000 in 2024 and \$66,000 in 2023 and is generally allocated on a straight salary ratio basis. Any employee who is at least 21 years old and has worked for the employer in any three of the preceding five years must have contributions made on his or her behalf, provided that in the year they become eligible, they earn in excess of the minimum indexed compensation amount (\$500 in 2024 and 2023). This includes part-time employees. The employer may set less restrictive age or service requirements, but the eligibility rules must be applied on a consistent basis to all employees. The Board of Education contributes between 6% and 11% of the covered employees wages. For the fiscal year ended June 30, 2024, approximately 37 employees participated in the plan at some point during the year. Total payroll for all employees including those eligible for the plan and those covered by other plans was approximately \$10,278,206 (excluding non-Board of Education employees), of which approximately \$1,826,263, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2024, the Board of Education contributed \$120,660 to the plan on-behalf of the plan participants.

**Note 11 - Pension and OPEB On-Behalf Contributions and Revenue and Expense Benefits**

In both the fund and government-wide financial statements, the Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement System pension and OPEB contributions made by the State of Connecticut on-behalf of the Bolton School Department in accordance with 10-183z of the Connecticut General Statutes which reflects public act 79-436 as amended. For the year ended June 30, 2024, the Town recognized \$2,501,166 of on-behalf pension contributions and \$34,036 of on-behalf OPEB contributions made by the State. These amounts were included as the expected employer contribution effort for allocation purposes in the GASB 68 and GASB 75 reports for the Connecticut Teachers Retirement System prepared as of June 30, 2023. These contributions are recognized as intergovernmental education on-behalf revenues and education expenditures/expenses within the statement of revenues, expenditures and changes in fund balances - governmental funds and the statement of activities. These amounts were not budgeted for in the general fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. There is no effect on fund balance or net position at the end of the fiscal year.

In the government-wide financial statements, the Town has recorded employer pension and OPEB revenue and expense for on-behalf amounts for the benefits provided by the State in relation to the Connecticut Teachers Retirement System. For the year ended June 30, 2024, the Town recognized \$2,580,902 of pension revenue and expense and (\$297,512) of OPEB revenue and expense. These amounts were included as revenue and expense in the GASB 68 and GASB 75 reports for the Connecticut Teachers Retirement System prepared as of June 30, 2023. These amounts are recognized as intergovernmental education on-behalf and benefit revenues and education expenses within the statement of activities. There is no effect on net position at the end of the fiscal year.

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**Note 12 - Employees' Retirement Plans**

*Connecticut Teachers' Retirement System*

**Plan description** - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board which issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefits provided** - The plan provides retirement, disability and death benefits. Employees are eligible to retire 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. For normal retirement, retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 6% contributions made prior to July 1, 1989 and voluntary contributions are payable. For early retirement, employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4%, per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year as retirement precedes normal retirement date. For disability retirement, employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non-service related disability eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary. In relation to minimum benefits, 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. In relation to prorated benefits, a plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age 60. In relation to pre-retirement death benefits, the plan also offers a lump sum return of contribution with interest or surviving spouse benefit depending on the length of service.

**Contribution requirements** - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. School District employers are not required to make contributions to the plan. Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of the pensionable salary.

**Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions** - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. For the year ended June 30, 2024, the Town recognized \$2,501,166 of on-behalf contributions made by the state in both the fund and government-wide financial statements as on-behalf revenues and expenditures/expenses. For the year ended June 30, 2024, the Town recognized \$2,580,902 for its share of pension revenue and expense for on-behalf benefits provided by the state in the government-wide financial statements as on-behalf and benefits revenues and expenses.

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	26,956,222
Total	<u><u>\$ 26,956,222</u></u>

**Town of Bolton, Connecticut**  
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**Actuarial assumptions** - The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Changes in benefit terms	None
Changes in assumptions	None
Inflation	2.50%
Salary increases	3.00% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

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%.

**Discount rate** - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term rate of return** - The long-term expected rate of return on pension plan 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 plan 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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut's Treasurer's Office are summarized in the following table.

Asset class	Target allocation	Long-term expected real rate of return
Global equity	37.0%	6.8%
Public credit	2.0%	2.9%
Core fixed income	13.0%	0.4%
Liquidity fund	1.0%	-0.4%
Risk mitigation	5.0%	0.1%
Private equity	15.0%	11.2%
Private credit	10.0%	6.1%
Real estate	10.0%	6.2%
Infrastructure and natural resources	7.0%	7.7%

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**Sensitivity of the Town's proportionate share of the net pension liabilities to changes in the discount rate** - The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other information** - Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**Note 13 - Other Post Employment Benefits - OPEB**

*Connecticut Teachers' Retirement System*

**Plan description** - The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") Title 10, Chapter 167a and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

**Benefits provided** - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the TRS. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the TRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). Employees are eligible to retire 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.

**Contributions** - Per CGS 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan. The cost of providing plan benefits is financed on a pay as you go basis as active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents. Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

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**OPEB liabilities, OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB** - The Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. For the year ended June 30, 2024, the Town recognized \$34,036 of on-behalf contributions made by the state in both the fund and government-wide financial statements as on-behalf revenues and expenditures/expenses. For the year ended June 30, 2024, the Town recognized (\$297,512) for its share of OPEB revenue and expense for on-behalf benefits provided by the state in the government-wide financial statements as on-behalf and benefits revenues and expenses.

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	2,525,428
Total	<u><u>\$ 2,525,428</u></u>

**Actuarial assumptions and other inputs** - The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Municipal bond index rate:	
Measurement date	3.65%
Prior measurement date	3.54%
Single equivalent interest rate:	
Measurement date	3.64%, net of OPEB plan investment expense, including price inflation
Prior measurement date	3.53%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates:	
Medicare	Known increases until 2024, decreasing to an ultimate rate of 4.50% by 2031

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

**Long-term rate of return** - The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Expected 10-Year geometric real rate of return	Standard deviation
U.S. Treasuries (cash equivalents)	100.0%	0.77%	1.09%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		3.25%	

**Town of Bolton, Connecticut**  
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**Discount rate** - The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2028 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rates** - The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the change in the discount rate and the healthcare cost trend rates would only impact the amount recorded by the State of Connecticut.

**Pension Plan Fiduciary Net Position and other information** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information** - Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**Note 14 - Other Post Employment Benefits - OPEB**

*Post-Retirement Healthcare Plan*

**Plan description** - The Board of Education and the Town provide a single employer defined benefit healthcare plan (the "Plan") to its employees upon retirement in the form of the ability to be part of the health insurance plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Town. As a result, the Town does not have an explicit liability for these post-employment benefits because retirees pay the full health insurance premium. However, the Town does have an implicit rate subsidy that recognizes the expected higher health costs attributed to retirees. The provisions of the Plan were established by the Board of Education and the Town along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Plan therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree and the retiree's spouse once they are a part of the Plan. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

**Benefits provided** - Town supervisors are eligible for medical and dental coverage upon retirement on or after age 60 with 15 years of service. Board of Education certified employees are eligible for medical and dental coverage upon retirement under the State of Connecticut Teachers Retirement Board system. The normal retirement under this system is the earlier of age 60 with 20 years of service or 35 years of service. Early retirement is the earliest of 60 with 10 years of service, 55 with 20 years of service or 25 years of service. Board of Education non-certified employees are eligible for medical and dental coverage upon retirement. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive. The funding and payment for these post employment benefits are accounted for within the Board of Education and Town budget within the general fund of the Town on a pay-as-you-go basis.

**Town of Bolton, Connecticut**  
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**Employees covered by benefit terms** - The following employees were covered by the benefit terms of the Plan as of July 1, 2023, the date of the last actuarial valuation.

	Participant count
Active plan members	136
Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	0
	<u>145</u>

**Total OPEB liability** - The Town's total OPEB liability was \$1,082,998 as of June 30, 2024. The July 1, 2023 actuarial valuation directly calculated the July 1, 2023 liability. The July 1, 2023 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2024. The liability as of June 30, 2024 was also adjusted to reflect any material plan changes after the valuation, if applicable.

**Actuarial assumptions and other inputs** - The total OPEB liability as of June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	July 1, 2023 as adjusted for June 30, 2024 reporting
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial cost method	Entry age normal (level percentage of salary)
Actuarial assumptions:	
Rate of compensation increase	2.40%
Inflation	2.40%
Discount rate	3.93% as of June 30, 2024 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2024.
Healthcare cost trend rates	6.50% in 2023, reducing by .20% each year to a final 4.40% per year rate for 2034 and later
Mortality rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

**Changes in the total OPEB liability** - The changes in the total OPEB liability of the Plan are made up of the following items as of June 30, 2024:

	Total OPEB liability
Balance as of June 30, 2023	\$ 1,263,318
Changes for the year:	
Service cost	11,579
Interest	43,976
Changes of benefit terms	-
Differences between expected and actual experience	-94,065
Changes of assumptions	-389
Benefit payments	-141,421
Net changes	<u>-180,320</u>
Balance as of June 30, 2024	<u>\$ 1,082,998</u>

**Town of Bolton, Connecticut**  
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**Sensitivity of the total OPEB liability to changes in the discount rate** - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Current discount rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 1,203,096	\$ 1,082,998	\$ 980,942

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates** - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.40%)	Current trend rates (6.50% decreasing to 4.40%)	1% Increase (7.50% decreasing to 5.40%)
Total OPEB liability	\$ 969,455	\$ 1,082,998	\$ 1,216,842

**OPEB expense and Deferred outflows and inflows of resources related to OPEB** - For the year ended June 30, 2024, the Town's actuarial determined OPEB expense was \$101. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 140,067	\$ -329,918
Changes of assumptions	177,507	-214,458
Total	\$ 317,574	\$ -544,376

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the actuarial determined OPEB expense as follows for the fiscal year ended June 30:

2025	\$ -14,534
2026	-14,534
2027	-14,534
2028	-14,534
2029	-14,534
Thereafter	-154,132
	\$ -226,802

**Note 15 - Deficit Fund Balances**

In accordance with generally accepted accounting principles, all deficit fund balances and their nature must be disclosed. Within the major town capital funds, the town capital projects fund includes a deficit fund balance in relation to the purchase of a new fire truck. During the current fiscal year the town paid \$625,295 towards the purchase of the new fire truck which was funded through the issuance of a short-term bond anticipation note. The note is recorded as a current liability and thus the current expenditure resulted in a deficit of (\$628,697) which is expected to be funded as part of a future long-term bond issuance. Within the major town capital funds, the school capital projects fund includes a deficit fund balance in relation to an emergency management system project at the Bolton Center School in the amount of (\$5,950). This project qualifies as a school construction project and thus will be funded in part from State grant funds and in part with other remaining past project fund balances. A non-major special revenue fund relating to a town neglected cemeteries grant has a deficit fund balance of (\$2,000) which will be funded by future grant payments.

**Town of Bolton, Connecticut**  
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**Note 16 - Committed General Fund Balance**

The management of the Town of Bolton, at the direction of the Board of Selectmen, have created a number of ordinances relating to the accumulation of funds for certain purposes. These funds do not meet the accounting definition of special revenue or capital project funds and therefore they are being accounted for as a portion of the committed general fund balance. Revenues are occasionally received for these funds as well as annual appropriations from general government line item budget amounts at the discretion of the Board of Selectmen and the Town Administrator. The following is a summary of the current fiscal year activity for these committed general fund balance amounts.

	Committed fund balance 07/01/23	Annual appropriations	Revenues	Expenditures	Committed fund balance 06/30/24
<b>General government:</b>					
Employment separation funds	\$ 146,663	\$ 50,000	\$ -	\$ -8,004	\$ 188,659
Health insurance funds	176,425	-	7,616	-	184,041
Bolton founders day funds	74,948	-	-	-2,245	72,703
Economic development funds	5,445	-	-	-	5,445
	<u>\$ 403,481</u>	<u>\$ 50,000</u>	<u>\$ 7,616</u>	<u>\$ -10,249</u>	<u>\$ 450,848</u>

**Note 17 - Assigned General Fund Balance**

The management of the Town of Bolton, at the direction of the Finance Committee, sets aside a portion of the Town's unassigned general fund balance to provide required resources to meet operating needs during unforeseen future financial emergencies and to allow for other unforeseen needs of an emergency nature. During the current fiscal year the Town took this ending assigned fund balance amount as of June 30, 2023 which was \$1,969,635, added the general fund interest earned during the fiscal year through the money market account in the amount of \$797 and the stiff account in the amount of \$64,203 set aside for the deposit of these funds, the maximum remaining budgeted contingency amount of \$25,000 and the annual principle addition of \$50,000 as set forth in the annual operating budget approved at town referendum. This current year activity brings this assigned general fund balance amount to \$2,109,635 as of June 30, 2024.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. Outstanding encumbrances represent assigned funds as the related expenditures have not yet flowed down to and reduced fund balance. As of June 30, 2024, the assigned general fund balance relating to outstanding town encumbrances totaled \$0 and outstanding school encumbrances totaled \$0.

The Town voted to use a portion of the accumulated unassigned general fund balance as of June 30, 2024 as funding for the budget for the fiscal year ended June 30, 2025 as approved by referendum on June 4, 2024. The approved amount of \$2,323,869 when added to the above described two amounts brings the total assigned general fund balance amount as of June 30, 2024 to \$4,433,504.

**Note 18 - Commitments and Contingencies - Contingent Debt**

During April of 2003, an enacting ordinance was adopted by the Towns of Bolton and Vernon creating the Bolton Lakes Regional Water Pollution Control Authority (the Authority). This entity was established for the purpose of constructing and operating a regional sewage system that would benefit the two municipalities. In connection with this enacting ordinance, the two Towns entered into a financing agreement during 2005 whereby each would guarantee its proportionate shares of debt service costs on bonding secured for the systems construction. As of June 30, 2017, long-term financing through the State of Connecticut Clean Water Fund was established. The outstanding debt of the Authority as supplied by the Authority totaled \$5,123,111 as of June 30, 2024. The Towns percentage of this debt as supplied by the Authority is approximately 71% for a total contingent debt amount of \$3,637,409 as of June 30, 2024.

**Town of Bolton, Connecticut**  
Notes to the Financial Statements  
June 30, 2024

**Note 19 - Commitments and Contingencies - Risk Management and Other**

The Town is at risk of loss due to items such as lawsuits, automobile claims, and theft. The Town has purchased commercial insurance coverage for any of these types of loss which may occur. The Town believes the amounts of coverage in force are adequate and in compliance with all applicable laws, rules, and regulations. The Town is a member in the Connecticut Inter-local Risk Management Agency (CIRMA), a public entity risk management program pursuant to the provisions of Section 7-479a of the Connecticut General Statutes for workers compensation pool coverage. The Town pays annual premiums for its coverage. CIRMA is designed to be self-sustaining through member premium's, however it does reinsure for each claim occurrence in excess of \$1,000,000. Members may be subject to supplemental assessments in the event of fund deficiencies, however, these potential supplemental assessments are limited pursuant to its by-laws. The Town has not had any significant reductions in insurance coverage from the prior fiscal year by major category of risk. The amount of settlements have not exceeded insurance coverage during any of the previous three fiscal years. Town management and legal counsel are unaware of any litigation, pending litigation, claims or disputes that would have a direct and material affect on the Town's financial position.

The Town participates in numerous federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any monies received as of and through June 30, 2024 may be impaired. In the opinion of the management of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned grant dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants could result in a loss to the Town.

The Town has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year.

The Town entered into a community payment agreement with the Connecticut Natural Gas Corporation (CNG) in relation to the intent of CNG to install approximately six miles of natural gas pipeline within the Town to provide natural gas to numerous commercial and residential properties within and including the Town. The agreement is designed to partially offset the revenue requirement associated with the cost of construction of the pipeline. Once the pipeline construction was completed, CNG connected service to all eligible municipal buildings adjacent to the pipeline. In relation to this agreement, the Town agreed to make an aggregate community contribution to CNG in the amount of \$216,000 starting one year after completion of the project and payable over seven years at an annual amount of \$31,000 for the first six years and \$30,000 for the final year. As of June 30, 2024, the Town has made six annual payments totaling \$186,000.

The Town entered into a refuse and recycling service collection agreement dated June 3, 2002. This agreement was amended and extended as dated September 24, 2009, February 25, 2015, November 22, 2016 and October 24, 2022. The extended contract is for a period of 10 years and runs from July 1, 2022 through June 30, 2032. The agreement calls for a curbside collection rate of \$14.43 per unit per month and a Town building collections rate of \$1,847 per month for the first year of the agreement. Annual CPI increases will apply each year of the extended agreement term with the exception that no CPI increases will be applied to the fiscal year ending June 30, 2029. Current fiscal year payments under this agreement totaled approximately \$395,039.

The Town entered into a municipal solid waste processing agreement dated February 12, 2012. This agreement was extended for an additional two 5 year periods through June 30, 2022. This agreement has now been extended for an additional 5 year period through June 30, 2027. Under this agreement the Town will pay for the disposal of municipal solid waste at rates of \$103.00, \$108.15, \$111.39, \$114.73 and \$118.17 per ton respectively over the five year agreement. Under this agreement the Town will pay for the disposal of municipal bulky waste at rates of \$95.00, \$97.85, \$100.79, \$103.81 and \$106.92 per ton respectively over the five year agreement. Current fiscal year payments under this agreement totaled approximately \$228,893.

The Town entered into a one year agreement through June 30, 2025 for managed technology services. Monthly payments under this agreement are \$4,842 for a total contract cost of \$58,104. The Town entered into a one year agreement through December 31, 2024 to purchase gasoline at an agreed upon per gallon rate, excluding applicable taxes, for a specified minimum number of gallons. Gasoline will be purchased at a rate of \$2.4665 for a contract allocation of 10,000 gallons or \$24,665. The Town entered into a month to month planning services agreement which is expected to be utilized for the upcoming fiscal year with monthly payments of \$2,000 which would result in annual payments \$24,000. The Town entered into a month to month wetland agent services agreement which is expected to be utilized for the upcoming fiscal year with monthly payments of \$1,320 which would result in annual payments \$15,840. The Town entered into a contract for the statistical revaluation of taxable real and exempt property for a total amount of \$51,300. Costs to date incurred under this contract were \$44,428 as of June 30, 2024.

**Town of Bolton, Connecticut**  
Notes to the Financial Statements  
June 30, 2024

The Town entered into a 10 year Director of Community Development Services consulting agreement through June 30, 2026. Services under this agreement are billed on a per hour basis with years one and two being billed at \$55/hour, years three and four being billed at \$60/hour, years five and six being billed at \$65/hour, years seven and eight being billed at \$70/hour and years nine and ten being billed at \$75/hour. Current fiscal year payments under this agreement totaled approximately \$103,542.

The Board of Education has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year.

The Board entered into a bus transportation agreement for the purpose of providing transportation services for the school children of the Town of Bolton in compliance with local policies and legal requirements. This agreement ran for an initial term of five years from July 1, 2016 through June 30, 2021. This bus transportation agreement was extended for a second term of an additional five years from July 1, 2021 through June 30, 2026. The annual base sums under this agreement for Type I buses are \$415,576, \$428,043, \$440,891, \$454,118 and \$467,738, respectively. The annual base sums under this agreement for Type II buses are \$59,368, \$61,149, \$62,984, \$64,874 and \$66,820, respectively. These base sum amounts are to be paid in 10 equal installments during the fiscal year. Additional hourly rates are included in the agreement for athletics, field trips and other trips.

The Board entered into a one year agreement through June 30, 2025 for managed technology services. Monthly payments under this agreement are \$22,254 for a total contract cost of \$267,048. The Board entered into a five year agreement through June 30, 2027 for generator planned maintenance services. The agreement calls for different scheduled service items which are billed as they occur for a total contract cost of \$10,964. The Board entered into a one year agreement through July 31, 2025 for HVAC inspection and maintenance services at the Bolton High School. The annual cost under this agreement is \$8,595 billed quarterly. Following the expiration of this agreement it shall renew automatically for successive one year periods until terminated as outlined in the agreement. The cost of any successive renewal periods will be adjusted based on changes to the cost of service. The Board entered into a one year food services consulting agreement contract through June 30, 2025 based on hourly fees for services provided with an expected monthly fee of between \$1,200 and \$1,500.

**Note 20 - Recently Issued Accounting Standards - Adopted**

During the current fiscal year the Town adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 which is the Town's fiscal year beginning July 1, 2023. The adoption of GASB Statement No. 100 did not have any material impact on the Town's financial statements.

**Note 21 - Recently Issued Accounting Standards - Not yet Effective**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 which is the Town's fiscal year beginning July 1, 2024. The Town has not yet determined the impact that this statement might have on its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 which is the Town's fiscal year beginning July 1, 2024. The Town has not yet determined the impact that this statement might have on its financial statements.

**Town of Bolton, Connecticut**  
Notes to the Financial Statements  
June 30, 2024

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 which is the Town's fiscal year beginning July 1, 2025. The Town has not yet determined the impact that this statement might have on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 which is the Town's fiscal year beginning July 1, 2025. The Town has not yet determined the impact that this statement might have on its financial statements.

**Note 22 - Subsequent Events**

The Town has evaluated subsequent events through April 29, 2025, the date to which the financial statements were available to be issued. There were no recognized subsequent events that would require adjustments to the financial statements.

The Town entered into a bond anticipation note agreement on August 28, 2024 in the amount of \$630,000 in relation to the purchase of a 2023 Pierce Velocity Custom Pumper truck. The note is due August 27, 2025 with interest at a rate of 4.00%. The proceeds of this bond anticipation note were used to payoff the previously issued bond anticipation note in the same amount upon maturity.

**Town of Bolton, Connecticut**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budgetary Basis - General Fund  
For the year ended June 30, 2024

	Original budget	Budget revisions	Final budget	Actual	Variance
<b>Revenues</b>					
Property tax revenues	\$ 19,726,797	\$ -	\$ 19,726,797	\$ 20,029,174	\$ 302,377
Intergovernmental - education	2,632,179	-	2,632,179	2,681,129	48,950
Intergovernmental - tax relief	504,488	-	504,488	507,230	2,742
Intergovernmental - other	57,981	-	57,981	190,708	132,727
Education tuition	94,839	-	94,839	90,986	-3,853
Charges for services and fees	327,759	-	327,759	396,806	69,047
Interest income	15,000	-	15,000	578,828	563,828
Miscellaneous	54,324	-	54,324	58,585	4,261
Total revenues	23,413,367	-	23,413,367	24,533,446	1,120,079
<b>Expenditures</b>					
General government					
Administration	700,500	2,245	702,745	674,229	28,516
Finance committee	2,450	-	2,450	1,621	829
Finance office	240,308	-	240,308	233,824	6,484
Auditing services	45,000	-	45,000	30,500	14,500
Town clerk	141,440	-	141,440	141,177	263
Tax collector	94,912	-	94,912	88,050	6,862
Assessor	160,971	-	160,971	152,493	8,478
Elections	67,830	-	67,830	57,177	10,653
Probate court	7,258	-	7,258	6,059	1,199
Town building operations	826,719	-	826,719	777,638	49,081
Employee benefits	1,071,100	-21,864	1,049,236	954,479	94,757
Insurances	155,000	-	155,000	112,389	42,611
	3,513,488	-19,619	3,493,869	3,229,636	264,233
Public works					
Highway department	1,067,767	-34,239	1,033,528	1,014,080	19,448
Public building commission	4,100	-	4,100	-	4,100
	1,071,867	-34,239	1,037,628	1,014,080	23,548
Public safety					
Police protection	311,300	-	311,300	275,378	35,922
Fire commission	257,981	-5,000	252,981	249,743	3,238
Fire marshal	32,000	-	32,000	25,314	6,686
Emergency management	11,000	-	11,000	5,854	5,146
Animal control	6,500	-	6,500	6,500	-
	618,781	-5,000	613,781	562,789	50,992
Building, planning and zoning					
Building and land use	386,837	-10,788	376,049	351,497	24,552
Planning and zoning commission	4,205	-	4,205	2,322	1,883
Zoning board of appeals	1,650	-	1,650	782	868
Inland wetlands commission	2,235	-	2,235	1,089	1,146
Economic development commission	2,500	-	2,500	2,500	-
Conservation commission	2,105	-	2,105	2,035	70
	399,532	-10,788	388,744	360,225	28,519

**Town of Bolton, Connecticut**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis - General Fund**  
**For the year ended June 30, 2024**

	Original budget	Budget revisions	Final budget	Actual	Variance
Community services					
Library	\$ 307,561	\$ 1,723	\$ 309,284	\$ 292,472	\$ 16,812
Veteran services	600	-	600	-	600
Senior services	175,469	-125	175,344	162,711	12,633
Public health services	28,409	125	28,534	28,533	1
	512,039	1,723	513,762	483,716	30,046
Sanitation and waste					
Refuse services	597,230	59,739	656,969	648,931	8,038
Education	16,109,150	-15,442	16,093,708	15,268,215	825,493
Capital outlay	-	18,433	18,433	18,433	-
Contingency	25,000	-	25,000	-	25,000
Debt issuance costs	75,000	-	75,000	14,293	60,707
Bolton Lakes debt assessment	190,000	-	190,000	190,000	-
Debt service:					
Principal	939,655	-	939,655	689,655	250,000
Interest	221,513	-	221,513	221,483	30
	1,161,168	-	1,161,168	911,138	250,030
Total expenditures	24,273,255	-5,193	24,268,062	22,701,456	1,566,606
Excess (deficiency) of revenues over (under) expenditures	-859,888	5,193	-854,695	1,831,990	2,686,685
Other financing sources (uses)					
Proceeds from short term debt issuance	250,000	-	250,000	-	-250,000
Utilization of unassigned fund balance	1,163,412	-	1,163,412	-	-1,163,412
Utilization of committed fund balance	-	10,249	10,249	-	-10,249
Transfers in	-	-	-	-	-
Transfers out	-553,524	-15,442	-568,966	-518,966	50,000
Total other financing sources (uses)	859,888	-5,193	854,695	-518,966	-1,373,661
Change in fund balance	-	-	-	1,313,024	1,313,024
Current year encumbrances				-	
Prior year encumbrances				-9,976	
Non-cash capital proceeds				23,256	
Non-cash capital outlay				-23,256	
Non-budgeted State on behalf revenue				2,535,202	
Non-budgeted State on behalf expenditure				-2,535,202	
Net change in fund balance				1,303,048	
<b>Fund Balance - July 1</b>				<u>4,759,612</u>	
<b>Fund Balance - June 30</b>				<u><u>\$ 6,062,660</u></u>	

**Town of Bolton, Connecticut**  
Schedule of Town's proportionate share of the net pension liability  
Connecticut Teachers' Retirement System  
Last ten fiscal years

	2024	2023	2022	2021	2020
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<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>26,956,222</u>	<u>29,571,003</u>	<u>25,192,397</u>	<u>31,808,242</u>	<u>28,062,991</u>
Total	<u>\$ 26,956,222</u>	<u>\$ 29,571,003</u>	<u>\$ 25,192,397</u>	<u>\$ 31,808,242</u>	<u>\$ 28,062,991</u>
Town's covered-employee payroll	<u>\$ 7,920,095</u>	<u>\$ 7,382,736</u>	<u>\$ 7,596,158</u>	<u>\$ 7,346,874</u>	<u>\$ 7,215,418</u>
Town's proportion 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>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>58.39%</u>	<u>54.06%</u>	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>

**Notes to schedule:**

Changes in benefit terms	None
Changes in assumption	None
Inflation	2.50%
Salary increases	3.00% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expense are paid for by the General Assembly
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement
Miscellaneous	The pension information within this schedule is being included in the financial statements of the Town for the fiscal years noted above. The measurement date for each fiscal year noted above is the previous fiscal year

**Town of Bolton, Connecticut**  
Schedule of Town's proportionate share of the net pension liability  
Connecticut Teachers' Retirement System  
Last ten fiscal years

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<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>21,638,197</u>	<u>22,814,406</u>	<u>24,069,374</u>	<u>18,187,832</u>	<u>16,811,006</u>
Total	<u>\$ 21,638,197</u>	<u>\$ 22,814,406</u>	<u>\$ 24,069,374</u>	<u>\$ 18,187,832</u>	<u>\$ 16,811,006</u>
Town's covered-employee payroll	<u>\$ 7,103,546</u>	<u>\$ 7,231,353</u>	<u>\$ 6,969,983</u>	<u>\$ 6,760,514</u>	<u>\$ 6,516,162</u>
Town's proportion 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>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

**Town of Bolton, Connecticut**  
Schedule of Town's Proportionate Share of the Net OPEB Liability  
Connecticut Teachers' Retirement System  
Last ten fiscal years (for all years available)

	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>2,525,428</u>	<u>2,589,742</u>	<u>2,744,666</u>	<u>4,744,200</u>	<u>4,376,582</u>	<u>4,325,603</u>	<u>5,872,184</u>
Total	<u>\$ 2,525,428</u>	<u>\$ 2,589,742</u>	<u>\$ 2,744,666</u>	<u>\$ 4,744,200</u>	<u>\$ 4,376,582</u>	<u>\$ 4,325,603</u>	<u>\$ 5,872,184</u>
Town's covered-employee payroll	<u>\$ 7,920,095</u>	<u>\$ 7,382,736</u>	<u>\$ 7,596,158</u>	<u>\$ 7,346,874</u>	<u>\$ 7,215,418</u>	<u>\$ 7,103,546</u>	<u>\$ 7,231,353</u>
Town's proportion share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>11.92%</u>	<u>9.46%</u>	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

**Notes to schedule:**

Changes in benefit terms	None
Changes in assumptions	The municipal bond index rate used increased from 3.54% to 3.65% and the single equivalent interest rate used increased from 3.53% to 3.64%
Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Administrative expenses	\$0 assumption as expense are paid for by the General Assembly
Mortality rates:	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement
Miscellaneous:	The OPEB information within this schedule is being included in the financial statements of the Town for the fiscal years noted above. The measurement date for each fiscal year noted above is the previous fiscal year

**Town of Bolton, Connecticut**  
Schedule of Changes in Total OPEB Liability  
Post-Retirement Healthcare Plan  
Last ten fiscal years (for all years available)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 11,579	\$ 11,367	\$ 75,514	\$ 71,721	\$ 60,682	\$ 53,870	\$ 54,668
Interest	43,976	44,364	40,116	39,619	56,614	57,988	53,197
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-94,065	61,171	-280,279	80,903	-29,333	22,953	29,666
Changes of assumptions	-389	-14,335	-221,225	10,480	203,005	63,284	-49,874
Benefit payments	-141,421	-160,843	-147,663	-136,421	-107,834	-73,146	-75,699
Net change in total OPEB liability	-180,320	-58,276	-533,537	66,302	183,134	124,949	11,958
Total OPEB liability - beginning	1,263,318	1,321,594	1,855,131	1,788,829	1,605,695	1,480,746	1,468,788
Total OPEB liability - ending	<u>\$ 1,082,988</u>	<u>\$ 1,263,318</u>	<u>\$ 1,321,594</u>	<u>\$ 1,855,131</u>	<u>\$ 1,788,829</u>	<u>\$ 1,605,695</u>	<u>\$ 1,480,746</u>
Covered payroll	<u>\$ 9,739,769</u>	<u>\$ 9,786,254</u>	<u>\$ 9,556,889</u>	<u>\$ 9,766,982</u>	<u>\$ 9,519,475</u>	<u>\$10,022,318</u>	<u>\$ 9,768,341</u>
Total OPEB liability as a percentage of covered payroll	<u>11.12%</u>	<u>12.91%</u>	<u>13.83%</u>	<u>18.99%</u>	<u>18.79%</u>	<u>16.02%</u>	<u>15.16%</u>

**Notes to schedule:**

Actuarial valuation date	July 1, 2023 as adjusted for June 30, 2024 reporting
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial cost method	Entry age normal (level percentage of salary)
Actuarial assumptions:	
Rate of compensation increase	2.40%
Inflation	2.40%
Discount rate	3.93% as of June 30, 2024 which is equal to the published 20-year AA municipal bond index for unfunded OPEB plans effective June 30, 2024
Healthcare cost trend rates	6.50% in 2023, reducing by .20% each year to a final 4.40% per year rate for 2034 and later.
Mortality rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Governmental Funds  
As of and for the year ended June 30, 2024

	Non-major special revenue funds	Non-major permanent funds	Totals
<b>Assets</b>			
Cash	\$ 185,497	\$ -	\$ 185,497
Investments	62,522	213,249	275,771
Accounts receivable	70,507	-	70,507
Inventories and prepaid items	21,586	-	21,586
Due from other funds	1,382,623	-	1,382,623
Total assets	<u>1,722,735</u>	<u>213,249</u>	<u>1,935,984</u>
<b>Liabilities</b>			
Accrued liabilities	36,689	-	36,689
Other liabilities	9	-	9
Due to other funds	46,270	-	46,270
Total liabilities	<u>82,968</u>	<u>-</u>	<u>82,968</u>
<b>Fund balance</b>			
Nonspendable	21,586	117,905	139,491
Restricted	1,073,516	95,344	1,168,860
Committed	462,272	-	462,272
Assigned	84,393	-	84,393
Unassigned	-2,000	-	-2,000
Total fund balance	<u>1,639,767</u>	<u>213,249</u>	<u>1,853,016</u>
Total liabilities and fund balance	<u>\$ 1,722,735</u>	<u>\$ 213,249</u>	<u>\$ 1,935,984</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,342,784	\$ -	\$ 1,342,784
Charges for services	265,610	-	265,610
Interest income	2,705	9,885	12,590
Miscellaneous	136,271	-	136,271
Total revenues	<u>1,747,370</u>	<u>9,885</u>	<u>1,757,255</u>
<b>Expenditures</b>			
Wages and benefits	610,299	-	610,299
Program operating costs	935,242	-	935,242
Capital outlay	76,292	-	76,292
Total expenditures	<u>1,621,833</u>	<u>-</u>	<u>1,621,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>125,537</u>	<u>9,885</u>	<u>135,422</u>
Other financing sources (uses)			
Transfers in	26,586	-	26,586
Transfers out	-	-	-
Total other financing sources (uses)	<u>26,586</u>	<u>-</u>	<u>26,586</u>
Net change in fund balance	152,123	9,885	162,008
<b>Fund balance - July 1</b>	<u>1,487,644</u>	<u>203,364</u>	<u>1,691,008</u>
<b>Fund balance - June 30</b>	<u>\$ 1,639,767</u>	<u>\$ 213,249</u>	<u>\$ 1,853,016</u>

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Nips environment fees account Fund 1005	National opioids settlement Fund 1005	Buildings and grounds Fund 2821	Mers documentation fees Fund 2822	Historic documentation fees Fund 2822
<b>Assets</b>					
Cash	\$ -	\$ -	\$ 68,958	\$ 10	\$ 15
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	3
Inventories and prepaid items	-	-	-	-	-
Due from other funds	26,098	31,154	-	10,860	25,390
Total assets	26,098	31,154	68,958	10,870	25,408
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	26,098	31,154	-	10,870	25,408
Committed	-	-	68,958	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	26,098	31,154	68,958	10,870	25,408
Total liabilities and fund balance	\$ 26,098	\$ 31,154	\$ 68,958	\$ 10,870	\$ 25,408
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	4,300	460	1,335
Interest income	-	-	-	-	-
Miscellaneous	14,505	31,154	-	-	-
Total revenues	14,505	31,154	4,300	460	1,335
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	7,357	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	7,357	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	7,148	31,154	4,300	460	1,335
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	7,148	31,154	4,300	460	1,335
<b>Fund balance - July 1</b>	18,950	-	64,658	10,410	24,073
<b>Fund balance - June 30</b>	\$ 26,098	\$ 31,154	\$ 68,958	\$ 10,870	\$ 25,408

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Historic documents grant Fund 2822	Connecticard library grant Fund 2822	Connecticut library grant Fund 2822	Public incentive library grant Fund 2822	Town clerk safe polls grant Fund 2822
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	1,038	9	1,442	2,500
Total assets	-	1,038	9	1,442	2,500
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	1,038	9	1,442	2,500
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	1,038	9	1,442	2,500
Total liabilities and fund balance	\$ -	\$ 1,038	\$ 9	\$ 1,442	\$ 2,500
<b>Revenues</b>					
Intergovernmental	\$ 6,000	\$ 542	\$ -	\$ 1,442	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	6,000	542	-	1,442	-
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	-	-	-	-	-
Capital outlay	6,000	-	-	-	-
Total expenditures	6,000	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	542	-	1,442	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	542	-	1,442	-
<b>Fund balance - July 1</b>	-	496	9	-	2,500
<b>Fund balance - June 30</b>	\$ -	\$ 1,038	\$ 9	\$ 1,442	\$ 2,500

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Town clerk absentee ballot grant Fund 2822	Early voting grant Fund 2822	Neglected cemeteries grant Fund 2822	Amplify opioids grant Fund 2822	Amplify opioids grant Fund 2822
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	1,448	6,113	-	3,975	3,975
Total assets	1,448	6,113	-	3,975	3,975
<b>Liabilities</b>					
Accrued liabilities	-	-	-	2,418	2,418
Other liabilities	-	-	-	-	-
Due to other funds	-	-	2,000	-	-
Total liabilities	-	-	2,000	2,418	2,418
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	1,448	6,113	-	1,557	1,557
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-2,000	-	-
Total fund balance	1,448	6,113	-2,000	1,557	1,557
Total liabilities and fund balance	\$ 1,448	\$ 6,113	\$ -	\$ 3,975	\$ 3,975
<b>Revenues</b>					
Intergovernmental	\$ -	\$ 10,500	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	5,000	5,000
Total revenues	-	10,500	-	5,000	5,000
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	-	4,387	2,000	3,443	3,443
Capital outlay	-	-	-	-	-
Total expenditures	-	4,387	2,000	3,443	3,443
Excess (deficiency) of revenues over (under) expenditures	-	6,113	-2,000	1,557	1,557
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	6,113	-2,000	1,557	1,557
<b>Fund balance - July 1</b>	1,448	-	-	-	-
<b>Fund balance - June 30</b>	\$ 1,448	\$ 6,113	\$ -2,000	\$ 1,557	\$ 1,557

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Connectivity grant Fund 2822	East coast greenway grant Fund 2822	W3R task agreement grant Fund 2822	Animal control fund Fund 2826	State LOCIP grant Fund 2840
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ 377	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	59,759	1,373	10,300	29,598	57,103
Total assets	59,759	1,373	10,300	29,975	57,103
<b>Liabilities</b>					
Accrued liabilities	5,000	-	-	2,880	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	5,000	-	-	2,880	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	54,759	1,373	10,300	-	57,103
Committed	-	-	-	-	-
Assigned	-	-	-	27,095	-
Unassigned	-	-	-	-	-
Total fund balance	54,759	1,373	10,300	27,095	57,103
Total liabilities and fund balance	\$ 59,759	\$ 1,373	\$ 10,300	\$ 29,975	\$ 57,103
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 57,103
Charges for services	-	-	-	1,808	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	-	1,808	57,103
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	125,472	-	-	77	-
Capital outlay	-	-	-	-	-
Total expenditures	125,472	-	-	77	-
Excess (deficiency) of revenues over (under) expenditures	-125,472	-	-	1,731	57,103
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-125,472	-	-	1,731	57,103
<b>Fund balance - July 1</b>	180,231	1,373	10,300	25,364	-
<b>Fund balance - June 30</b>	\$ 54,759	\$ 1,373	\$ 10,300	\$ 27,095	\$ 57,103

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Resident assistance Fund 2860	AARP grant Fund 2861	Hartford foundation patio grant Fund 2863	Hartford foundation water grant Fund 2863	Hartford foundation air quality grant Fund 2863
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	56,304	42	-	2	199
Total assets	56,304	42	-	2	199
<b>Liabilities</b>					
Accrued liabilities	500	36	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	500	36	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	6	-	2	199
Committed	55,804	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	55,804	6	-	2	199
Total liabilities and fund balance	\$ 56,304	\$ 42	\$ -	\$ 2	\$ 199
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	4,990	-	-	-	1,850
Total revenues	4,990	-	-	-	1,850
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	7,135	466	2,926	99	1,651
Capital outlay	-	-	7,074	-	-
Total expenditures	7,135	466	10,000	99	1,651
Excess (deficiency) of revenues over (under) expenditures	-2,145	-466	-10,000	-99	199
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-2,145	-466	-10,000	-99	199
<b>Fund balance - July 1</b>	57,949	472	10,000	101	-
<b>Fund balance - June 30</b>	\$ 55,804	\$ 6	\$ -	\$ 2	\$ 199

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Open space Fund 2870	Conservation activities Fund 2873	Bentley memorial library Fund 2875	Recycling and refuse Fund 2955	Town aid roads Fund 2963
<b>Assets</b>					
Cash	\$ 1,311	\$ -	\$ 37,352	\$ -	\$ -
Investments	62,522	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	4,467	5,851	17,500	608,319
Total assets	63,833	4,467	43,203	17,500	608,319
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	608,319
Committed	63,833	4,467	43,203	17,500	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	63,833	4,467	43,203	17,500	608,319
Total liabilities and fund balance	\$ 63,833	\$ 4,467	\$ 43,203	\$ 17,500	\$ 608,319
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 199,004
Charges for services	-	2,740	-	-	-
Interest income	2,538	-	-	-	-
Miscellaneous	-	-	6,635	2,500	-
Total revenues	2,538	2,740	6,635	2,500	199,004
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	-	2,185	795	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	2,185	795	-	-
Excess (deficiency) of revenues over (under) expenditures	2,538	555	5,840	2,500	199,004
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	2,538	555	5,840	2,500	199,004
<b>Fund balance - July 1</b>	61,295	3,912	37,363	15,000	409,315
<b>Fund balance - June 30</b>	\$ 63,833	\$ 4,467	\$ 43,203	\$ 17,500	\$ 608,319

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	Heritage farm Fund 2967	Recreation round Fund 2970	Excess special ed costs grant Fund 2625	School lunch program Fund 2650	School lunch supply chain grant Fund 2650
<b>Assets</b>					
Cash	\$ 8,689	\$ 4,078	\$ -	\$ 7,409	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	26,234	-
Inventories and prepaid items	-	-	-	10,431	-
Due from other funds	-	216,705	-	20,836	-
Total assets	8,689	220,783	-	64,910	-
<b>Liabilities</b>					
Accrued liabilities	-	20,965	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	20,965	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	10,431	-
Restricted	-	-	-	54,479	-
Committed	8,689	199,818	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	8,689	199,818	-	64,910	-
Total liabilities and fund balance	\$ 8,689	\$ 220,783	\$ -	\$ 64,910	\$ -
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ 33,883	\$ 156,652	\$ 23,808
Charges for services	-	154,474	-	100,493	-
Interest income	167	-	-	-	-
Miscellaneous	485	-	-	-	-
Total revenues	652	154,474	33,883	257,145	23,808
<b>Expenditures</b>					
Wages and benefits	-	128,333	-	113,353	-
Program operating costs	-	38,472	33,883	193,234	23,808
Capital outlay	-	-	-	-	-
Total expenditures	-	166,805	33,883	306,587	23,808
Excess (deficiency) of revenues over (under) expenditures	652	-12,331	-	-49,442	-
Other financing sources (uses)					
Transfers in	-	11,144	-	942	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	11,144	-	942	-
Net change in fund balance	652	-1,187	-	-48,500	-
<b>Fund balance - July 1</b>	8,037	201,005	-	113,410	-
<b>Fund balance - June 30</b>	\$ 8,689	\$ 199,818	\$ -	\$ 64,910	\$ -

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2024

	School educational grants Fund 2651	BHS activity fund n/a	BCS activity fund n/a	Totals
<b>Assets</b>				
Cash	\$ -	\$ 42,640	\$ 14,658	\$ 185,497
Investments	-	-	-	62,522
Accounts receivable	44,270	-	-	70,507
Inventories and prepaid items	11,155	-	-	21,586
Due from other funds	180,263	-	-	1,382,623
Total assets	235,688	42,640	14,658	1,722,735
<b>Liabilities</b>				
Accrued liabilities	2,472	-	-	36,689
Other liabilities	9	-	-	9
Due to other funds	44,270	-	-	46,270
Total liabilities	46,751	-	-	82,968
<b>Fund balance</b>				
Nonspendable	11,155	-	-	21,586
Restricted	177,782	-	-	1,073,516
Committed	-	-	-	462,272
Assigned	-	42,640	14,658	84,393
Unassigned	-	-	-	-2,000
Total fund balance	188,937	42,640	14,658	1,639,767
Total liabilities and fund balance	\$ 235,688	\$ 42,640	\$ 14,658	\$ 1,722,735
<b>Revenues</b>				
Intergovernmental	\$ 853,850	\$ -	\$ -	\$ 1,342,784
Charges for services	-	-	-	265,610
Interest income	-	-	-	2,705
Miscellaneous	-	54,288	9,864	136,271
Total revenues	853,850	54,288	9,864	1,747,370
<b>Expenditures</b>				
Wages and benefits	368,613	-	-	610,299
Program operating costs	413,387	60,149	10,873	935,242
Capital outlay	63,218	-	-	76,292
Total expenditures	845,218	60,149	10,873	1,621,833
Excess (deficiency) of revenues over (under) expenditures	8,632	-5,861	-1,009	125,537
Other financing sources (uses)				
Transfers in	-	14,500	-	26,586
Transfers out	-	-	-	-
Total other financing sources (uses)	-	14,500	-	26,586
Net change in fund balance	8,632	8,639	-1,009	152,123
<b>Fund balance - July 1</b>	180,305	34,001	15,667	1,487,644
<b>Fund balance - June 30</b>	\$ 188,937	\$ 42,640	\$ 14,658	\$ 1,639,767

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Permanent Funds  
As of and for the year ended June 30, 2024

	David Taylor trust Fund 8200	Metcalf Cemetery trust Fund 8200	Phebe Talcott library trust Fund 8200	Elizabeth Steele library trust Fund 8200	Frank Sumner library trust Fund 8200
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	1,694	1,016	207	998	6,115
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	1,694	1,016	207	998	6,115
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>Fund balance</b>					
Nonspendable	835	500	100	500	3,000
Restricted	859	516	107	498	3,115
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	1,694	1,016	207	998	6,115
Total liabilities and fund balance	\$ 1,694	\$ 1,016	\$ 207	\$ 998	\$ 6,115
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	89	53	11	53	321
Miscellaneous	-	-	-	-	-
Total revenues	89	53	11	53	321
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	89	53	11	53	321
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	89	53	11	53	321
<b>Fund balance - July 1</b>	1,605	963	196	945	5,794
<b>Fund balance - June 30</b>	\$ 1,694	\$ 1,016	\$ 207	\$ 998	\$ 6,115

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Permanent Funds  
As of and for the year ended June 30, 2024

	Herrick library trust Fund 8200	Herrick park trust Fund 8200	Erna Loomis school trust Fund 5203	Totals
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	39,941	138,244	25,034	213,249
Accounts receivable	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>39,941</u>	<u>138,244</u>	<u>25,034</u>	<u>213,249</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
Nonspendable	19,733	68,237	25,000	117,905
Restricted	20,208	70,007	34	95,344
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>39,941</u>	<u>138,244</u>	<u>25,034</u>	<u>213,249</u>
Total liabilities and fund balance	<u>\$ 39,941</u>	<u>\$ 138,244</u>	<u>\$ 25,034</u>	<u>\$ 213,249</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest income	2,096	7,255	7	9,885
Miscellaneous	-	-	-	-
Total revenues	<u>2,096</u>	<u>7,255</u>	<u>7</u>	<u>9,885</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,096</u>	<u>7,255</u>	<u>7</u>	<u>9,885</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,096	7,255	7	9,885
<b>Fund balance - July 1</b>	<u>37,845</u>	<u>130,989</u>	<u>25,027</u>	<u>203,364</u>
<b>Fund balance - June 30</b>	<u>\$ 39,941</u>	<u>\$ 138,244</u>	<u>\$ 25,034</u>	<u>\$ 213,249</u>

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Town Capital Funds  
As of and for the year ended June 30, 2024

	Town capital reserve Fund 2960	School capital reserve Fund 3452	BCS paving and sidewalks Fund 3482	BCS facilities improvements Fund 3482	BCS emergency management system Fund 3482
<b>Assets</b>					
Cash	\$ -	\$ 410,607	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	1,818,721	-	74,440	98,472	-
Total assets	1,818,721	410,607	74,440	98,472	-
<b>Liabilities</b>					
Accrued liabilities	5,123	-	-	-	1,785
Other liabilities	-	-	-	-	-
Due to other funds	-	204,480	-	-	4,165
Total liabilities	5,123	204,480	-	-	5,950
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,813,598	206,127	74,440	98,472	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-5,950
Total fund balance	1,813,598	206,127	74,440	98,472	-5,950
Total liabilities and fund balance	\$ 1,818,721	\$ 410,607	\$ 74,440	\$ 98,472	\$ -
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	196,542	-	-	-
Interest income	-	1	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	196,543	-	-	-
<b>Expenditures</b>					
Program operating costs	59,795	155,345	-	-	-
Non-cash capital outlay	121,718	-	-	-	-
Capital outlay	257,859	-	-	-	5,950
Total expenditures	439,372	155,345	-	-	5,950
Excess (deficiency) of revenues over (under) expenditures	-439,372	41,198	-	-	-5,950
Other financing sources (uses)					
Non-cash capital proceeds	121,718	-	-	-	-
Transfers in	492,380	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	614,098	-	-	-	-
Net change in fund balance	174,726	41,198	-	-	-5,950
<b>Fund balance - July 1</b>	1,638,872	164,929	74,440	98,472	-
<b>Fund balance - June 30</b>	\$ 1,813,598	\$ 206,127	\$ 74,440	\$ 98,472	\$ -5,950

**Town of Bolton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Town Capital Funds  
As of and for the year ended June 30, 2024

	Town debt issuance costs Fund 3482	Town Heritage farm improvements Fund 3521	Town prior fire truck purchase Fund 3521	Town current fire truck purchase Fund 3521	Totals
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 410,607
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	3,565	37,650	3,896	1,303	2,038,047
Total assets	<u>3,565</u>	<u>37,650</u>	<u>3,896</u>	<u>1,303</u>	<u>2,448,654</u>
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	6,908
Other liabilities	-	-	-	630,000	630,000
Due to other funds	-	-	-	-	208,645
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,000</u>	<u>845,553</u>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	3,565	37,650	3,896	-	2,237,748
Assigned	-	-	-	-	-
Unassigned	-	-	-	-628,697	-634,647
Total fund balance	<u>3,565</u>	<u>37,650</u>	<u>3,896</u>	<u>-628,697</u>	<u>1,603,101</u>
Total liabilities and fund balance	<u>\$ 3,565</u>	<u>\$ 37,650</u>	<u>\$ 3,896</u>	<u>\$ 1,303</u>	<u>\$ 2,448,654</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	196,542
Interest income	-	-	-	-	1
Miscellaneous	-	-	-	598	598
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>598</u>	<u>197,141</u>
<b>Expenditures</b>					
Program operating costs	-	-	-	-	215,140
Non-cash capital outlay	-	-	-	-	121,718
Capital outlay	-	-	-	629,295	893,104
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,295</u>	<u>1,229,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-628,697</u>	<u>-1,032,821</u>
Other financing sources (uses)					
Non-cash capital proceeds	-	-	-	-	121,718
Transfers in	-	-	-	-	492,380
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>614,098</u>
Net change in fund balance	-	-	-	-628,697	-418,723
<b>Fund balance - July 1</b>	<u>3,565</u>	<u>37,650</u>	<u>3,896</u>	<u>-</u>	<u>2,021,824</u>
<b>Fund balance - June 30</b>	<u>\$ 3,565</u>	<u>\$ 37,650</u>	<u>\$ 3,896</u>	<u>\$ -628,697</u>	<u>\$ 1,603,101</u>

**Town of Bolton, Connecticut**  
**Schedule of Debt Limitation**  
Connecticut General Statutes, Section 7-374 (b)  
For the year ended June 30, 2024

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 20,057,138
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current fiscal year.	-
Reimbursement for revenue loss on: Tax relief for the elderly - (CGS 12-129d)	-
Total base	<u><u>\$ 20,057,138</u></u>

<b>Debt limitation:</b>	General purposes	Schools	Sewers	Urban renewal	Pension deficit	Total Debt
2 1/4 times base	\$ 45,128,560	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	90,257,121	-	-	-	-
3 3/4 times base	-	-	75,214,267	-	-	-
3 1/4 times base	-	-	-	65,185,698	-	-
3 times base	-	-	-	-	60,171,414	-
7 times base	-	-	-	-	-	140,399,966
Total debt limitation	<u>45,128,560</u>	<u>90,257,121</u>	<u>75,214,267</u>	<u>65,185,698</u>	<u>60,171,414</u>	<u>140,399,966</u>

**Indebtedness:**

General obligation bonds:						
2017 issue	192,734	317,266	-	-	-	510,000
Advance refunding bonds:						
2017 issue	-	3,650,000	-	-	-	3,650,000
2021 issue	300,377	1,714,623	-	-	-	2,015,000
Bond anticipation note	630,000	-	-	-	-	630,000
Notes payable	-	-	-	-	-	-
Right to use leases	108,510	35,514	-	-	-	144,024
Subscription liability	15,545	-	-	-	-	15,545
Overlapping debt:						
Bolton Lakes WPCA	-	-	3,637,409	-	-	3,637,409
Authorized but unissued debt	-	-	-	-	-	-
Total indebtedness	<u>1,247,166</u>	<u>5,717,403</u>	<u>3,637,409</u>	<u>-</u>	<u>-</u>	<u>10,601,978</u>

Debt limitation in excess of outstanding authorized debt	<u><u>\$ 43,881,394</u></u>	<u><u>\$ 84,539,718</u></u>	<u><u>\$ 71,576,858</u></u>	<u><u>\$ 65,185,698</u></u>	<u><u>\$ 60,171,414</u></u>	<u><u>\$ 129,797,988</u></u>
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**Town of Bolton, Connecticut**  
Schedule of Property Taxes Levied,  
Collections and Outstanding Balances  
For the year ended June 30, 2024

Grand list	Uncollected taxes 06/30/23	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2022	\$ -	\$ 19,992,700	\$ 18,739	\$ -65,834	\$ 19,945,605
2021	145,857	-	12,536	-5,284	153,109
2020	78,652	-	2,490	-366	80,776
2019	18,250	-	93	-	18,343
2018	7,644	-	-	-	7,644
2017	5,103	-	-	-	5,103
2016	2,417	-	-	-	2,417
2015	3,478	-	-	-	3,478
2014	2,729	-	-	-	2,729
2013	1,313	-	-	-	1,313
2012	59	-	-	-	59
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	63	-	-	-	63
2008	197	-	-	-	197
	<u>\$ 265,762</u>	<u>\$ 19,992,700</u>	<u>\$ 33,858</u>	<u>\$ -71,484</u>	<u>\$ 20,220,836</u>

**Town of Bolton, Connecticut**  
Schedule of Property Taxes Levied,  
Collections and Outstanding Balances  
For the year ended June 30, 2024

Grand list	Collections during the fiscal year				Adjustments	Uncollected taxes 06/30/24
	Taxes	Interest	Lien fees	Total		
2022	\$ 19,805,922	\$ 49,048	\$ 216	\$ 19,855,186	\$ -5,728	\$ 133,955
2021	98,687	25,332	264	124,283	-6,593	47,829
2020	51,667	13,514	144	65,325	-8,326	20,783
2019	8,566	1,949	24	10,539	-996	8,781
2018	489	673	-	1,162	-578	6,577
2017	201	205	-	406	-	4,902
2016	116	121	-	237	-	2,301
2015	-	-	-	-	-	3,478
2014	-	-	-	-	-	2,729
2013	-	-	-	-	-	1,313
2012	-	-	-	-	-	59
2011	-	-	-	-	-	-
2010	-	-	-	-	-	-
2009	-	-	-	-	-63	-
2008	-	-	-	-	-197	-
	<u>\$ 19,965,648</u>	<u>\$ 90,842</u>	<u>\$ 648</u>	<u>\$ 20,057,138</u>	<u>\$ -22,481</u>	<u>\$ 232,707</u>

- A - This schedule is in effect designed to be shown on the cash basis of accounting whereas it shows the amount being received against tax years as revenues when in effect they represent a reduction in the outstanding asset account for each tax year outstanding. As a result, the total collections balance shown above will not match to the property tax revenue balance on Statement D and RSI-1. However, the following is a reconciliation of selected balances from this schedule to the amount shown on Statement D and RSI-1. In addition, the uncollected tax balances shown above may have been netted against credit balance accounts resulting from overpayments not yet refunded when present. A breakdown of these two amounts can be found in the posted rate book when present. The above shown adjustments column reports current fiscal year transfers to suspense which were approved during the current fiscal year and a write off per state statute.

\$ 19,992,700	Current year taxes levied from page 68
90,842	Tax interest collections during the current fiscal year from above
648	Tax lien fee collections during the current fiscal year from above
4,813	Suspense collections during the current fiscal year
-22,481	Account balance adjustments as items transferred to suspense from above
-37,626	The net lawful corrections made during the current fiscal year from page 68
278	The unearned tax revenue adjustment made as described in item number 2 on page 15
<u>\$ 20,029,174</u>	Property tax revenues per Statement D and RSI-1

- B - Operation of Law - No tax can be collected 15 years after the original due date.
- C - Taxes transferred (to) and from suspense. Though tax balances are transferred from active status to suspense status they remain collectible. During the current fiscal year \$2,672 was collected on principle suspense tax balances owed and \$2,141 of interest and lien fees was collected on principle suspense tax balances owed. In addition, \$0 worth of lawful correction deductions were made to a suspense tax year.

# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

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### Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Finance Committee  
Board of Selectmen  
Town of Bolton, Connecticut

We have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Bolton, Connecticut's basic financial statements, and have issued our report thereon dated April 29, 2025.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Bolton, Connecticut's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We do not consider any of the significant deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify four deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item numbers 2024-01 through 2024-04, that we consider to be significant deficiencies.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Bolton, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The Town of Bolton, Connecticut's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Bolton, Connecticut's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Bolton, Connecticut's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bolton, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen T. Hopkins, CPA, PC

*Stephen T. Hopkins, CPA, PC*

Scarborough, Maine  
April 29, 2025

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs  
June 30, 2024

**2024-01 - Town Accounting Policies and Policies and Procedures Manual**

Finding and criteria:

This is a repeat finding which was included in the prior fiscal year financial statements. The adequacy of the Town provided policies and procedures manual was first included as a finding during the fiscal year ended June 30, 2015 and has been a repeated finding since then with annual modifications of the details of the finding based on changes made to the manual by the Town.

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Conditions:

As part of the audit, we reviewed a document labeled - Accounting and Finance Operations Document - Department of Finance Policies and Procedures Manual - Town of Bolton, CT - June 2023 which contained a number of red line edits to a previously prepared manual which was date January 2020. This manual was reviewed to determine that the policies and procedures contained within the manual were approved, when they were approved, the adequacy of the policies and procedures and whether or not it appeared as though the policies and procedures were being followed. The only date reference that could be found in the manual related to the title page reference to June 2023. It would appear as though this is when the manual was completed and Board of Selectmen meeting minutes were provided where a Department of Finance Policies and Procedures Manual with the red line edits was approved as dated August 8, 2023. In reviewing the manual it does appear as though it is a very comprehensive document which does cover a number of policies and procedures which would be applicable to a municipal finance office.

It appears as though the manual does not cover a number of additional accounting policies and procedures which are important in ensuring that the financial information available throughout the fiscal year is accurate and presents the true financial position of the Town. Section XI of the manual does address bank reconciliations and states that they are to be prepared by an administrative clerk and approved by the Finance Director within 30 days of the bank closing. However, this section does not seem to be addressing the bank reconciliations of the student activity accounts as they are not reviewed by the Finance Director. Section I of the manual states that, "The procedures outlined on the following pages reflect the current tasks and transactions necessary to process and complete any and all financially related transactions performed by the Town of Bolton. This includes but is not limited to the following entities: Town of Bolton, CT and Bolton Public Schools." In addition, we were unable to locate any references in the manual to reconciliations of accounts other than bank accounts that are included in the trial balance of the Town such as accounts receivable, accounts payable, deferred revenue and other non-cash asset and liability accounts. The manual would ideally address who would be preparing these reconciliations, who would be reviewing these reconciliations, how frequently they were to be prepared and the format of the documentation of the reconciliations once completed. Section XI of the manual states that, "Revenue and expenditure detail for each account is reviewed at least quarterly to correct any posting errors and investigate unusual results." The section does indicate that the Finance Director reviews all Town expenditures and revenues and performs adjusting entries when necessary. It also states that, "A book of these reports and adjusting entries is kept for documentation. Unfortunately this section does not indicate what reports are to be used for these reviews nor does it seem to address reviews of the student activity accounts as the Finance Director does not seem to have access to either of the student activity accounting systems. In addition, though this section does mention that expenditure and revenue reviews will be completed at least quarterly it does not seem to indicate the period of time after a quarter ends for which the reviews would need to be completed which would seem to be necessary to indicate whether or not the reviews are being performed in a timely manner and as such that any necessary adjustments are being completed in a timely manner.

Section VII of the manual discusses receipts and revenues. The section states in part that all town receipts, with the exception of the tax collection receipts, are forwarded to the finance office for deposit and recording. The section states that all funds forwarded to the finance office must be deposited within 7 days of receipt but only states that the receiving departments transfer the funds to the finance office for deposit in a timely manner. Without providing a more detailed definition of what constitutes "in a timely manner" each receiving department would then be responsible for determining what they feel is reasonable which may vary widely depending on the department and the dollar amount of the receipts. As part of the audit, finance office prepared deposit summaries were reviewed in relation to the backup documentation and in relation to the timeliness of the deposits being made. We found that the deposits being made by the finance office did generally occur within the aforementioned 7 days of receipt. However, we also found that funds which were being forwarded to the finance office from the receiving departments were at times over a month old based on the check dates on the provided check images. It does not seem as though receipts were consistently being forwarded to the finance office for deposit in a timely manner. In addition, there are no references in section VII to those funds collected by the

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-01 - Town Accounting Policies and Policies and Procedures Manual (continued):**

Conditions (continued):

schools and deposited into the student activity accounts being forwarded to the finance office for deposit and none were noted during the aforementioned review. However, section I of the manual states that, "The procedures outlined on the following pages reflect the current tasks and transactions necessary to process and complete any and all financially related transactions performed by the Town of Bolton. This includes but is not limited to the following entities: Town of Bolton, CT and Bolton Public Schools."

Section IX of the manual discusses accounts payable and expenditures. The section states in part 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, and submit such request along with a vendor invoice to the Finance Department. Invoices reviewed during the current fiscal year audit for the School indicated that the certifying initials of the department head are consistently made on each actual invoice providing a higher level of assurance that the actual invoice was reviewed. Invoices reviewed during the current fiscal year audit for the Town indicated that some request for payment forms contain the certifying initials of the department head while some invoices contain the certifying initials of the department head. It did not appear as though the Town displayed a consistent approach to these certifying initials during the current fiscal year. This section also makes reference to the fact that the town is sales tax exempt and that sales tax will not be paid or reimbursed unless for good cause and unless it is pre-approved. No indication is included as to what may constitute good cause or by what means a pre-approval would be adequately documented. We do consider these conditions to represent significant deficiencies in internal control over financial reporting.

Context and effect:

This type of manual is used to provide a general description of the functions and duties of all personnel involved in the accounting, cash receipting, and bill paying system of the Town. The manual is also used to document the specific steps to be used in all accounting functions such as the processing of cash disbursements, the recording and deposit of cash receipts, the steps necessary to process payroll and to be followed in reconciling and more specifically documenting these reconciliations and reviews of the trial balance accounts of the Town.

The two main goals of developing and adequately documenting an effective set of accounting policies and procedures is to provide reasonable assurance that the Town's specific objectives will be achieved and to set up a system of internal controls, checks and balances which safeguard the assets of the Town.

Cause and recommendation:

We are unaware of the steps that were taken in preparing the original policies and procedures manual or the red line edits version of the manual and the extent to which the town and school finance offices were involved in these processes. Section I of the manual states that, "The procedures outlined on the following pages reflect the current tasks and transactions necessary to process and complete any and all financially related transactions performed by the Town of Bolton. This includes but is not limited to the following entities: Town of Bolton, CT and Bolton Public Schools." However, it seemed apparent that the procedures outlined within the manual were not being followed and completed in the same manner between the town finance office and the school finance office. In addition, we were not able to determine why the above mentioned reconciliation and review timing and documentation policies and procedures were not adequately included in the document.

Accounting policies and procedures are inherently a work in progress and as such a manual outlining those policies and procedures normally is as well. Changes in applicable accounting rules and regulations as well as changes in the municipal environment and more specifically the activities and programs of the Town and School create an ever changing need to review the existing policies and procedures. We recommend that the Town and the School review the above mentioned reconciliation and review timing and documentation policies and procedures comments to determine if and to what extent they could be incorporated into the current policies and procedures manual.

Views of responsible officials and planned corrective actions:

We have reviewed the above comments. Town staff continues to work with School staff on the current manual. This continues to be a working document that will be revised and updated as deemed necessary. The comments made will be considered for inclusion in our revisions. By Charter, the Board of Selectmen through staff will determine the best manner in which the manual can be revised to address the concerns noted.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-02 - The Classification of a Worker as an Employee, Independent Contractor or Consultant**

Finding:

This is a repeat finding which was included in the prior fiscal year financial statements. This classification finding was first included as a finding during the fiscal year ended June 30, 2020 and has been a repeated finding since with annual modifications of the details of the finding based on the current fiscal year circumstances and activities.

Criteria:

According to Internal Revenue Service (IRS) guidance, the classification of a worker as an employee, independent contractor, consultant, or other type of worker is based primarily on the degree of control the hiring organization has over the worker. This concept of control is broken down into three categories: behavioral control, financial control and the relationship of the parties. Under the concept of behavioral control, a worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work. If workers must follow the organization's instructions on when, where, and how to conduct their work, they are likely to be an employee. Other aspects in regard to behavioral control relate to whether or not the organization determines what equipment or tools to use as well as what assistants will be hired in order to help with the work. Financial control relates to whether or not the worker has a significant investment in the work and whether or not the worker is reimbursed for some or all business expenses. The relationship of the parties relates to how the organization and worker perceive their relationship.

Condition:

The Town currently has a worker who is classified as a consultant based on the varying parameters of a contract that states in part that they are an independent contractor and that they are not an employee of the Town. The aforementioned contract states that the consultant shall provide the expected weekly work schedule to the Town Administrator and that it may include some hours for work performed outside of Town Hall. Per this contract between the worker and the Town, the responsibilities of the worker are outlined in the Town's departmental job description, the Town provides support services including office space, computer, email address and secretarial services who are hired by the Town. General office supplies which are necessary to perform the work are provided by the Town when the related services are being performed at Town Hall. The worker reports their hours worked on what appear to be invoices following the same format as Town time sheets which are paid on a bi-weekly basis in the same manner as Town employees.

The Town states in part that all of the tasks to be performed by the worker are assigned by the Town though some of these tasks are also inherently understood as needing to be completed. This would seem to be slightly in contrast to the above mentioned contract provision stating that the expected weekly work schedule needs to be submitted to the Town Administrator. The contract does not go into any detail relating to whether this work schedule relates to the tasks that the worker will be performing or whether it simply relates to the number of hours and schedule which is expected to be worked. It would seem difficult to differentiate between the amount of time spent on tasks that are specifically being assigned and those that are inherently understood as the invoices which are being submitted, and a sample of which were provided as part of the audit, don't seem to contain any specific description of the work performed during the billing period but rather simply include the number of hours worked per day during the billing period. Whether or not the hours being worked during a billing period relate to specifically assigned tasks or inherently understood tasks would seem to be a factor that would be considered in relation to the determination of whether the worker is acting in a consulting or employee capacity.

The Town states in part that there are a number of other department Director positions which are handled on a similar consultant basis such as the Director of Public Health as well as the positions of Sanitarian, wetlands agent and Town engineer. Other similar department positions being handled in a similar manner could seemingly indicate that the classification of this worker as a consultant is reasonable based on these other similar positions. As part of the audit a review of these other similar positions was made and it was determined that they appear slightly different than the above described consultant position. The Director of Public Health is an actual contracted entity that performs similar services for 10 municipalities while the Sanitarian is an employee of this entity who is not paid directly by the Town. Though we were unable to find any specific information in relation to the wetlands agent it was determined that the Town engineer is an employee of another separate entity which provides services to the Town who is also not paid directly by the Town. As part of the current fiscal year audit, subsequent expenditures are tested for a number of items. A subsequent invoice for this worker was selected as part of this testing. It indicated that they were paid for 4 hours for July 5, 2024 with a description of administrative leave. A town employee time sheet was also reviewed for this period which also included them being paid for 4 hours for July 5, 2024 with the description of administrative leave. We were unable to find any reference to administrative leave in the aforementioned contract.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-02 - The Classification of a Worker as an Employee, Independent Contractor or Consultant (continued):**

**Condition (continued):**

The Town has classified this worker as a consultant though the aforementioned conditions do appear to indicate that the worker may more accurately be classified as an employee in accordance with IRS guidance. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

**Context and effect:**

Workers who are considered employees have payroll tax amounts withheld from their paycheck in addition to the Town matching both the applicable social security and medicare tax amounts withheld. These taxes are then forwarded to the appropriate taxing authority. If the Town were to classify a worker as a consultant who more accurately meets the definition of an employee, it would seem that there could be a tax liability to the Town for amounts that should have been withheld from the individual and matched by the Town and in turn remitted to the appropriate taxing authority.

**Cause:**

Based on the information provided by the Town in relation to the parameters under which the services are provided by the consultant to the Town in addition to the parameters outlined in the aforementioned contract, the cause of this situation would simply be the perspective of the Town that the worker should be classified as a consultant rather than as an employee.

**Recommendation:**

The determination as to whether or not a worker should be classified as an employee or an independent contractor or consultant is based on the specific circumstances which exist and the relationship between the parties. The existence of a contract stating that a worker is a consultant does not in and of itself determine the appropriate classification. The IRS has created Form SS-8 which is titled, "Determination of worker status for purposes of federal employment taxes and income tax withholding." This is a four page form that is completed by the organization and contains a number of sections describing the relationship between the worker and the organization. The form is then sent to the IRS and they will make a determination of the appropriate status based on the specific facts which are present. We recommend that the Town complete and submit IRS Form SS-8 in relation to the above described situation to officially determine if the aforementioned worker should more appropriately be classified as an employee, an independent contractor or as a consultant.

**Views of responsible officials and planned corrective actions:**

We have discussed this finding with our auditor and we do understand the concerns as outlined above. However, we do feel as though the worker has been correctly classified as a consultant. The current Board of Selectmen has chosen not to file this request with the IRS. We are instead working with the Town Attorney to demonstrate that this worker meets the legal definition of a contractor under the law.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-03 - Internal Control over Compliance with the Provisions of the Town Bidding Ordinance**

Finding:

This is not a repeat finding though a similar finding in relation to internal control over compliance with the provisions of the Town Bidding Ordinance was included as a finding during the prior fiscal year ended June 30, 2023.

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition:

The Town bidding ordinance was most recently adopted by the Board of Selectmen on July 1, 2014 and was effective August 21, 2014. This ordinance states that before any department, commission, officer or employee of the Town or Board of Education make any expenditure or purchase of a piece of equipment or enter into a contract for services in excess of certain dollar thresholds that either verbal quotes, written quotes or sealed bids must be received. For any such expenditures or purchases in excess of Twenty-Five Thousand Dollars (\$25,000.00), a competitive sealed bidding process shall be conducted under such rules and regulations as the Board of Selectmen or the Board of Education, as the case may be, may establish. Either of said Boards may waive the requirements of competitive bidding when in its opinion, the circumstances of a particular case and the best interest of the Town should permit its waiver and the majority of the board awarding the bid so states in writing, noting justification of the waiver.

The Town entered into a managed technology services agreement as dated May 28, 2024 for the upcoming fiscal year. Monthly payments under this agreement are \$4,842 for a total contract cost of \$58,104. The Board of Education entered into a managed technology services agreement as dated May 28, 2024 for the upcoming fiscal year. Monthly payments under this agreement are \$22,254 for a total contract cost of \$267,048. Both of these contracts were in excess of the above noted \$25,000 threshold and therefore should have been awarded as part of a competitive sealed bidding process or the bidding process could have been waived by either Board while noting the justification for waiving the process. We were unable to determine that the competitive sealed bidding process was used in awarding the aforementioned contracts and documentation of an approved waiver of the competitive sealed bidding process was requested from both the Town and the Board of Education though none could be provided showing that a waiver was approved with justification being noted by either Board prior to entering into either of the aforementioned contracts. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context:

This type of bidding ordinance would seemingly be designed to safeguard the assets of the Town by requiring certain large expenditures or purchases to be made through a competitive sealed bidding process to ensure that the Town is receiving a competitive price for the equipment or contracted services being purchased. By allowing waivers to be granted in relation to the bidding process it would also seem as though the ordinance is providing that the competitive sealed bidding process may not always be in the best interest of the Town given either the type of equipment or contracted services being purchased or the availability of the equipment or qualified firms or individuals to perform the contracted services.

Effect:

In situations where the above noted competitive sealed bidding process may not be followed or a waiver of the process approved, the Town would have no reasonable level of assurance that it was paying a competitive price for the equipment or contracted services being purchased and in turn that the assets of the Town are being safeguarded.

Cause:

We were unable to determine why the above noted purchases seemingly were not made through a competitive sealed bidding process or why a waiver of this process with justification being noted was seemingly not approved by either Board prior to entering into the aforementioned contracts.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-03 - Internal Control over Compliance with the Provisions of the Town Bidding Ordinance (continued):**

Cause (continued):

Another possible cause for this situation could relate to whether or not this particular vendor providing this particular service was included on the state bid list. The Town may feel that purchases of goods and services included on the state bid list are not required to follow the Town Bidding Ordinance. We were unable to find any reference in the aforementioned ordinance that would exclude the purchase of such items from following the ordinance.

Recommendation:

We recommend that any expenditures or purchases made by the Town or Board of Education in excess of the \$25,000 threshold included in the aforementioned Town Bidding Ordinance be made through a competitive sealed bidding process unless either Board feels that a waiver of the process should be granted. We recommend that any waivers to this process and the justification thereof be clearly approved and noted in the applicable meeting minutes before any such contracts are entered into by either the Town or the Board of Education. If the Town feels that the purchase of goods and services included on the state bid list should be excluded from following the requirements of the ordinance, we recommend that the Town consider adding such a stipulation to the ordinance. We also recommend that if such a stipulation is added to the ordinance that a requirement be included stating that the purchase would still need to be brought to the applicable Board with adequate documentation showing the goods or services are included on the state bid list at the amount the Town is contracting for with the documentation being included in the meeting minutes materials. In addition, we recommend that the Town consider the need to modify the ordinance to include some reference to contracts for services that are billed at an hourly rate as opposed to simply a flat fee rate if the expected annual hourly fees for the services are in excess of the thresholds currently within the ordinance. We were unable to find any reference in the ordinance to its applicability to hourly service contracts and as a result an interpretation could be made that the ordinance does apply to hourly contracts and conversely an interpretation could be made that the ordinance does not apply to hourly contracts.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the provided recommendations. We do intend to more closely review purchases that meet this dollar threshold outlined in the Town Bidding Ordinance and make sure that any waivers that are approved in relation to the competitive sealed bidding process be clearly approved with justification and noted in the applicable meeting minutes. The Board of Education has added an item to its May 8, 2025 meeting agenda in relation to the approval of a retroactive waiver to the competitive sealed bidding process in relation to the above noted school technology services agreement.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-04 - Internal Control over Compliance with the Provisions of the Town Charter**

Finding:

This is not a repeat finding though a similar finding in relation to internal control over compliance with the provisions of the Town Charter was included as a finding during the fiscal year ended June 30, 2022.

Criteria:

The management of the Town and the Board of Education are responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition:

For the current fiscal year, the Town Charter was revised and adopted at the municipal elections on November 2, 2021 with effective dates of July 1, 2022 and November of 2023. The Town charter includes a number of policies in relation to the activities within the Town including but not limited to general powers, town meetings, the Board of Selectmen, ordinances, elections and finance and taxation. Chapter 8 of the charter relates to finance and taxation with section 8.6 specifically relating to Special Appropriations and Transfers of Appropriations. The seemingly relevant portions of section 8.6 are as follows:

Section 8.6 (C) 2 states: "All requests for supplemental appropriations by any commission, board, agency or office, excluding the Board of Education, shall be made in writing to the Board of Selectmen. The Board of Selectmen shall submit such written requests along with any comments or recommendations to the Finance Committee for action within forty-five (45) days of receipt of same."

Section 8.6 (C) 3 states: "Any supplemental appropriation requested by a commission, board, agency and/or office may be acted upon by the Finance Committee, without regard to the number of supplemental appropriations previously approved for that commission, board, agency or office, provided that the current request, when considered either by itself, or when added to supplemental appropriations previously approved during the current fiscal year for said commission, board, agency or office does not exceed 0.2% of the Total Expenditure Amount." The definition section of the Town Charter states that, "Whenever the term "Total Expenditure Amount" is used herein it shall be understood to mean the amount of Town expenditures authorized in the most recently adopted Town budget.

Section 8.6 (C) 4 states: "The Finance Committee may approve, lower or reject, but may not increase the amount of any supplemental appropriation upon which it is acting. The Finance Committee shall act on all requests for supplemental appropriations, and/or transfers within forty-five (45) days of receipt of such request."

Section 8.6 (C) 5 states: "The Finance Committee shall pass on to a Special Town Meeting for final action, supplemental appropriations exceeding 0.2% of the Total Expenditure Amount and supplemental appropriations of less than that amount which, when added to supplemental appropriations previously approved in the current fiscal year for a particular commission, board, agency or office, exceed 0.2% of the Total Expenditure Amount."

During a special meeting on May 21, 2024, the Board of Selectmen approved a transfer to be made from the workers compensation line of the employee benefits budgetary department in the amount of \$9,000 to the tipping fees line of the refuse services budgetary department, a transfer to be made from the diesel and gas line of the highway budgetary department in the amount of \$12,000 to the tipping fees line of the refuse services budgetary department, a transfer to be made from the payroll line of the building and land use budgetary department in the amount of \$16,500 to the tipping fees line of the refuse services budgetary department, and a transfer to be made from the salt and sand line of the highway budgetary department in the amount of \$22,239 to the tipping fees line of the refuse services budgetary department. These four transfers were then approved by the Finance Committee at a special meeting on June 5, 2024.

The amount of these transfers would seemingly represent a supplemental appropriation to the refuse services budgetary department and as such would need to follow the provisions of section 8.6 of the aforementioned Town Charter. The total amount of these four approved transfers was \$59,739. The amount of Town expenditures authorized in the most recently adopted Town budget was \$24,826,779 for the adopted budget for the fiscal year ending June 30, 2024 for which 0.2% of this total expenditure amount would be \$49,654. It would seem that considering the total of these supplemental appropriations exceeded the 0.2% amount included in the Town Charter that in accordance with section 8.6 (C) 5 they should have been passed on to a Special Town Meeting for approval.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2024

**2024-04 - Internal Control over Compliance with the Provisions of the Town Charter (continued):**

Condition (continued):

We were unable to find nor were we provided with information showing that the above supplemental appropriations to the refuse services budgetary department were passed along by the Finance Committee to a special town meeting for approval in accordance with section 8.6 (C) 5 of the aforementioned Town Charter. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context and effect:

Connecticut General Statutes section 7-348 states in part, "If any occasion arises whereby more money is needed for any department of the town than has been appropriated as provided for in this chapter, the selectmen shall notify the Finance Committee of such fact, and the chairman of such board shall forthwith call a meeting thereof to consider the appropriation for such department and the board may make the necessary appropriation therefore, after inquiry, but, if, in towns where the grand list is not more than twenty million dollars, the amount required or the amount required, together with the sum of any additional appropriations made by the board for such department within the same fiscal year, exceeds ten thousand dollars, or, in towns where the grand list exceeds twenty million dollars, if the amount required or the amount required, together with the sum of any such additional appropriations, exceeds twenty thousand dollars, such appropriation shall not be made until, upon the recommendation of the board, the same has been voted by the town at a meeting called for such purpose." Based on the wording of section 8.6 of the Town Charter it would appear as though the Town was at least in part incorporating certain provisions of this state statute section as the wording of the previously approved version of the Town Charter included the amounts included in the aforementioned state statute while the only significant change made to the current approved version of the Town Charter is the change from a set dollar amount of \$20,000 requiring special town meeting approval to a calculated amount of 0.2% of the total expenditure amount now requiring special town meeting approval.

Section 8.6 (E) does provide a provision that relates to emergency appropriations and provides the Board of Selectmen the authority to approve such appropriations seemingly without the approval of the Finance Committee or by passing the appropriation to a special town meeting. This section states, "The Board of Selectmen, acting pursuant to a declaration of a state of emergency, shall be empowered to make appropriations for the purposes of meeting a public emergency threatening the lives, health or property of citizens, provided such appropriations shall receive a favorable vote of at least two-thirds (2/3) of the members present of the Board of Selectmen. Written notification of such appropriations shall be given within four (4) business days to the Finance Committee at its Town address and a copy thereof posted as required by law." We were unable to find nor were we provided with any information showing that the aforementioned supplemental appropriations directly related to any declaration of a state of emergency and therefore it would appear that the provisions of section 8.6 (E) would not be applicable.

Cause:

We were unable to determine the exact cause or reason why the aforementioned supplemental appropriations were not passed along by the Finance Committee to a special town meeting for approval in accordance with section 8.6 (C) 5 of the approved Town Charter.

Recommendation:

We recommend that internal controls be developed and implemented that would more closely monitor the amount of potential supplemental appropriations in relation to the required approval process for any such appropriations that exceed 0.2% of the total expenditure amount. We also recommend that the Town consider making clarifications to section 8.6 (C) 5 of the approved Town Charter to more clearly define what is considered a supplemental appropriation if it feels that the section does not apply to transfers between budgetary departments to the extent that any such transfers that exceed 0.2% of the total expenditure amount requires the Finance Committee to pass on the action to a special town meeting for approval. It would seem that if this section of the charter were exclusively referring to additional appropriations as supplemental appropriations that the section would need to state where these additional bottom line appropriation amounts would be funded from whether it be fund balance or another source.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the provided recommendations. However, the Town does feel that section 8.6 of the approved Town Charter does not apply to transfers between budgetary departments regardless of the amount of such transfers and that in effect any supplemental appropriation coming from one or more departments and going to one or more departments only need to be passed on to the Finance Committee for approval.

# *Stephen T. Hopkins, CPA, PC*

## **Auditing , Accounting , and Consulting Services**

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

Independent Auditors' Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act

Finance Committee  
Board of Selectmen  
Town of Bolton, Connecticut

### **Report on Compliance for Each Major State Program**

#### **Opinion on Each Major State Program**

We have audited the Town of Bolton, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of the Town of Bolton, Connecticut's major state programs for the year ended June 30, 2024. The Town of Bolton, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Bolton, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

#### **Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Bolton, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Bolton, Connecticut's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Bolton, Connecticut's state programs.

#### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Bolton, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Bolton, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Bolton, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Bolton, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Bolton, Connecticut's basic financial statements. We have issued our report thereon dated April 29, 2025, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Stephen T. Hopkins, CPA, PC

*Stephen T. Hopkins, CPA, PC*

Scarborough, Maine  
April 29, 2025

**Town of Bolton, Connecticut**  
Schedule of Expenditures of State Financial Assistance  
For the year ended June 30, 2024

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
<b><u>Connecticut State Library:</u></b>			
Other Expenses	11000-CSL66051-10020		\$ -
Connecticard Grant	11000-CSL66051-17010		-
Historic Document Preservation	12060-CSL66094-35150		6,000
<b><u>Department of Education:</u></b>			
Open Choice - Educational Enhancement	11000-SDE64370-12457		3,600
Open Choice - Acceptance Rate	11000-SDE64370-12457		3,600
Talent Development	11000-SDE64370-12552		1,633
Child Nutrition Program	11000-SDE64370-16211		2,912
Healthy Foods Initiative	11000-SDE64370-16212		5,487
Adult Education	11000-SDE64370-17030		5,756
School Breakfast Program	11000-SDE64370-17046		5,304
Sheff Settlement - Open Choice	11000-SDE64370-17053		75,967
Open Choice Program	11000-SDE64370-17053		463,073
<b><u>Department of Transportation:</u></b>			
Bus Operations	12001-DOT57931-12175		11,825
Town Aid Road Grants	12001-DOT57131-17036		-
Let's Go CT Ramp up Program	13033-DOT57551-43667		125,472
<b><u>Office of Policy and Management:</u></b>			
Disabled Program	11000-OPM20600-17011		883
Property Tax Relief for Veterans	11000-OPM20600-17024		2,761
Tiered Payment in Lieu of Taxes	12002-OPM20600-17111		34,383
Local Capital Improvement	12050-OPM20600-40254		-
Municipal Purposes & Projects	12052-OPM20600-43587		24,859
<b><u>Office of the Secretary of State:</u></b>			
Early Voting Grant	11000-SOS12500-12651		4,387
<b><u>Other Departments Miscellaneous Awards:</u></b>			
Other Expenses	11000-DRS16410-10020		20
Non-Budgeted Operating Appropriations	34001-JUD95162-40001		1,660
FAD - Temporary Holding Account	34003-DAS23920-42350		1,582
Total State Financial Assistance before Exempt Programs			<u>\$ 781,164</u>

**Town of Bolton, Connecticut**  
Schedule of Expenditures of State Financial Assistance (continued)  
For the year ended June 30, 2024

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Exempt Programs			
<b><u>State Department of Education:</u></b>			
Education Equalization Grants Program 82010	11000-SDE64370-17041		\$ 2,675,373
Special Education Excess Costs	11000-SDE64370-17047		33,883
<b><u>Office of Policy and Management:</u></b>			
Supplemental Revenue Sharing	12002-OPM20600-17102		11,053
Motor Vehicle Tax Grants	12002-OPM20600-17103		469,204
Mashantucket Pequot Grant	12009-OPM20600-17005		3,244
Municipal Revenue Sharing	12060-OPM20600-35458		<u>130,866</u>
Total Exempt Programs			<u>3,323,623</u>
Total Expenditures of State Financial Assistance		<u>\$ -</u>	<u>\$ 4,104,787</u>

**Town of Bolton, Connecticut**  
Notes to Schedule of Expenditures of State Financial Assistance  
For the year ended June 30, 2024

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Bolton, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including but not limited to library, education, transportation and tax relief programs.

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

The accounting policies of the Town of Bolton, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of Accounting:**

There are two sets of basic financial statements contained in the Town of Bolton, Connecticut's annual report as required by GASB Statement No. 34. The government-wide financial statements are prepared on the accrual basis of accounting and the fund financial statements are prepared on the modified accrual basis of accounting. The following is a summary of such bases:

**Accrual Basis - Government-wide financial statements:**

- Revenues are recognized when they are earned.
- Expenses are recorded when they are incurred.

**Modified Accrual Basis - Fund financial statements:**

- Revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty days after year end. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues and interest income are generally accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.
- Expenditures are recorded generally when the related fund liability is incurred. This includes reimbursable expenditures which have been incurred by the Town and therefore included in the accompanying schedule of expenditures of state financial assistance but which have not yet been reimbursed and are considered and recorded as accounts receivable. The determination of when an award is expended should be based on when the activity related to the award occurs. Exceptions to this general rule include principal and interest on general long-term debt which is recorded when due.

The expenditures reported on the Schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**Note 2 - Awards Passed Through to Subrecipients**

There were no awards passed through to sub-recipients by the Town of Bolton, Connecticut for the year ended June 30, 2024.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2024

**I. Summary of Audit Results**

**Financial Statements:**

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness (es) identified?	yes	X	no
• Significant deficiency (ies) identified?	X	yes	none reported
• Noncompliance material to the financial statements noted?	yes	X	no

**State Financial Assistance:**

Type of auditors' report issued on compliance for major programs	Unmodified		
Internal control over major programs:			
• Material weakness (es) identified?	yes	X	no
• Significant deficiency (ies) identified?	yes	X	none reported
• Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	yes	X	no

**Major State Programs and Percentage of Coverage:**

- The following schedule reflects the major programs included in the audit. Sec. 4-230 of the Connecticut General Statutes states that a "major state program means any program, excluding an exempt program, determined to be a major state program by the independent auditor pursuant to the requirements of the risk based approach". Under step two of this process all Type A programs must be identified. Based on the Town of Bolton, Connecticut's non-exempt expenditures of state financial assistance amount of \$781,164, a Type A program shall be considered a non-exempt state program for which the amount of state financial assistance expended under the program for the audit period equals or exceeds \$100,000. The Town of Bolton has two Type A programs for the current fiscal year based on the \$100,000 dollar threshold and therefore all of its remaining programs would be considered Type B programs. The Town has two Type B programs for which a risk assessment must be performed considering the Type B programs with expenditures in excess of \$25,000.
- In accordance with Subpart A of the risk assessment procedures, the following considerations would have been applied to the Type A program of the Town to determine whether it should be considered high risk: The dollar value of the applicable transactions, the complexity of the requirements of the program and as compared to other programs of the Town, whether the program has been tested as major during at least one of the two most recent audit periods and an assessment based on professional judgement. The Town's two Type A programs were determined to be high-risk and therefore were audited as major programs. The Town's two Type B programs for which a risk assessment was required were determined not to be high-risk and therefore were not audited as major programs. The total non-exempt state financial assistance expended by the Town for the current audit period was \$781,164. The program tested as major and shown below represent approximately 75% of the total non-exempt state financial assistance expended.

State Grantor and Program	State Grant Program Core-CT Number	Expenditures
Open Choice Program	11000-SDE64370-17053	\$ 463,073
Let's Go CT Ramp up Program	13033-DOT57551-43667	125,472
		<u>\$ 588,545</u>

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 100,000

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
For the year ended June 30, 2024

**II. Financial Statement Findings**

- We issued our report, dated April 29, 2025, on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. Our report on internal control over financial reporting indicated four significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs labeled as item numbers 2024-01 through 2024-04 starting on page 72. We do not consider any of these significant deficiencies to be material weaknesses.
- Our report on compliance indicated no reportable instances of noncompliance.

**III. State Financial Assistance Findings and Questioned Costs**

- No findings or questioned costs are being reported relating to State financial assistance programs.

**IV. Summary Schedule of Prior Audit Findings**

- Financial Statement Findings:

**Finding No. 2023-01**

Condition - The accounting policies and procedures manual of the Town doesn't appear to cover a number of accounting policies and procedures which are important in ensuring that the financial information available throughout the fiscal year is accurate and presents the true financial position of the Town.

Current Status - This finding was not corrected and is included as current fiscal year finding 2024-01.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

**Finding No. 2023-02**

Condition - The Town has a worker who has been classified as a contractor though based on a review of the applicable IRS guidance for classifying a worker as either an employee or a contractor it would appear as though this individual may more accurately be classified as an employee in accordance with the applicable IRS guidance.

Current Status - A recommendation was made to the Town as part of the prior fiscal year finding to complete a Form SS-8 which is titled, "Determination of worker status for purposes of federal employment taxes and income tax withholding." This is a four page form that is completed by the organization and contains a number of sections describing the relationship between the worker and the organization. The form is then sent to the IRS and they will make a determination of the appropriate status based on the specific facts which are present. The Town has indicated that it did not and will not be submitting this determination form to the IRS and as a result this finding was not considered to have been corrected and as such is included as current fiscal year finding 2024-02.

Planned Corrective Action - See response included in the current fiscal year submitted Corrective Action Plan.

**Finding No. 2023-03**

Condition - The Town has a Bid Ordinance which was adopted by the Board of Selectmen on July 1, 2014. The ordinance includes three sections relating to the required advertising and bid collection process to be followed before any department, commission, officer or employee of the Town or Board of Education makes any expenditure or purchase of a piece of equipment or for contracted services. The three sections and in turn requirements are broken down based on the expected dollar amount of the purchase or contracted services. During audit testing it was determined that four contracts in relation to technology services entered into by the Town and the Board of Education had values in excess of that requiring a competitive sealed bid process. We were unable to determine nor were we provided with any information showing that a competitive sealed bidding process was followed.

**Town of Bolton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
For the year ended June 30, 2024

**IV. Summary Schedule of Prior Audit Findings (continued):**

- Financial Statement Findings (continued):

**Finding No. 2023-03 (continued)**

Current Status - Neither the Town or the Board of Education completed a competitive sealed bid process in relation to these technology services contracts. However, the Board of Education did retroactively approved the waivers to the competitive sealed bidding process in relation to these technology services contracts at its meeting on December 14, 2023 and the Board of Selectmen retroactively approved the waivers to the competitive sealed bidding process in relation to these technology services contracts at its meeting on February 6, 2024. This finding related to specific transactions and circumstances during the prior fiscal year and as such it will not be repeated for the current fiscal year. However, neither the Town or the Board of Education completed a competitive sealed bid process or documented its waiver of the process in relation to two new technology services contracts entered into during the current fiscal year and as such this finding will be repeated including different specific transactions and circumstances for the current fiscal year.

- State Program Findings:

There were no findings and questioned costs related to state financial assistance award programs reported in the audit report for the Town of Bolton, Connecticut for the fiscal year ended June 30, 2023.