

# *Town of Bolton, Connecticut*

State Compliance Audit

June 30, 2021

*Stephen T. Hopkins, CPA, PC*

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Auditing , Accounting , and Consulting Services

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**Town of Bolton, Connecticut**

June 30, 2021

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# Stephen T. Hopkins, CPA, PC

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## Auditing, Accounting, and Consulting Services

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### Independent Auditors' Report

Board of Finance  
Board of Selectmen  
Town of Bolton, Connecticut

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

#### **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

As described in Note 1A to the financial statements, the financial statements do not include the financial data of entities determined to be component units. Accounting principles generally accepted in the United States of America require that the financial reporting entity consist 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 or incomplete. In addition, accounting principles generally accepted in the United States of America require the financial data for component units to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component units. The Town has not issued such reporting entity financial statements. Information regarding the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the discretely presented component units were not provided so therefore the financial effect of this exclusion cannot be determined.

## **Adverse Opinion on Aggregate Discretely Presented Component Units**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the Town of Bolton, Connecticut, as of June 30, 2021, or the 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 Qualified Opinion on the Aggregate Remaining Fund Information**

The Town accounts for certain risk financing activities within an internal service fund. Accounting principles generally accepted in the United States of America generally provide that the total charges by an internal service fund to other funds be based on an actuarial method or historical cost information and adjusted over a reasonable period of time so that internal service fund revenues and expenses are approximately equal. The internal service fund of the Town has had annual surpluses in six of its seven years of existence and the current accumulated surplus within the fund as of June 30, 2021 of \$174,361 exceeds both the annual internal charges as well as the annual expenses of the fund. In addition, the Town does not have a written net position policy in relation to this internal service fund outlining reasonable net position provisions for unexpected future losses.

## **Qualified Opinion on the Aggregate Remaining Fund Information**

In our opinion, because of the significance of the matter discussed in the “Basis for Qualified Opinion on the Aggregate Remaining Fund Information” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate remaining fund information of the Town of Bolton, Connecticut, as of June 30, 2021, in relation to the accounting for internal service fund activities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 21 to the financial statements, the Town adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The beginning fund balances of the applicable governmental funds and the aggregate remaining fund information as of July 1, 2021 have been restated. Our opinions are not modified with respect to this matter.

## **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Bolton, Connecticut, as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bolton, Connecticut's basic financial statements. The accompanying combining and individual fund financial statements, the schedule of debt limitation, the schedule of property taxes levied, collections and outstanding balances, and the schedule of expenditures of state financial assistance as required by the State Single Audit Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual fund financial statements, the schedule of debt limitation, the schedule of property taxes levied, collections and outstanding balances, and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information described above is 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 March 14, 2022, 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 J. Hopkins, CPA, PC*

Scarborough, Maine  
March 14, 2022

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

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, 2021. 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 exceeded its total liabilities by \$39,409,132 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$39,271,113. This represents an increase of \$138,019 or approximately .35%.
- 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 \$33,562,562 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$32,869,730. This represents an increase of approximately 2.11% which is the result of a decrease in the related long-term debt of \$869,758, current depreciation of (\$1,945,465), current capital asset additions of \$1,809,489 and a current capital asset loss on disposal of (\$40,950). The current fiscal year capital asset additions included school technology purchases in the amount \$176,692, six new vehicles relating to the town, school and fire department totaling \$270,710, current year paving and related costs in the amount of \$585,231 which are classified as infrastructure capital assets, new tennis courts at the high school in the amount of \$537,051 as well as a number of other capital asset items. The current year loss on disposal amount represents the remaining balance of \$52,000 worth of high school tennis court improvements made during the 2017 fiscal year which had not been fully depreciated when the new tennis courts were installed.
- The Town's restricted net position is used to account for funds received with constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. 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 \$2,547,727 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$3,060,672. This represents a decrease of approximately 16.76%. This decrease is made up of a number of individual increases and decreases in the components of restricted net position which can be seen on the net position comparison section on page 6.
- 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 \$3,298,843 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$3,340,711. This represents a decrease of approximately 1.25%. Unrestricted net position is calculated by subtracting the known net investment in capital assets balance and the restricted net position balance from the known total net position balance.
- The Town's total revenues for its governmental activities were \$27,400,610 for the current fiscal year. This compares to the prior fiscal year balance of \$26,868,825. This represents an increase of \$531,785 or approximately 1.98%. The Town's total expenses for its governmental activities were \$27,262,591 for the current fiscal year. This compares to the prior fiscal year balance of \$25,505,086. This represents an increase of \$1,757,505 or approximately 6.89%. Additional information on these changes can be seen on the revenue and expense comparison on page 7 and the budget to actual statement on pages 17 and 18.

**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 11 and 12 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 13 and 15 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. Budget to actual information is reported in these fund financial statements for the general fund on pages 17 and 18. The proprietary fund financial statements consist of a Statement of net position, a Statement of revenues, expenses and changes in net position and a Statement of cash flows which are shown on pages 19 through 21 which account for the self funding dental activities of the Town through an internal service fund. The fiduciary fund financial statements consist of a Statement of fiduciary net position and a Statement of changes in fiduciary net position as shown on page 22. 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.

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

**Reporting the Town as a whole**

Our analysis of the Town as a whole begins on page 11 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 years 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 and liabilities 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 13 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 Finance and the Board of Selectmen of the Town have the authority to establish many other funds 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.

**Reporting the Town's other funds - Proprietary funds**

Our analysis of the Town's proprietary funds begin on page 19 with the Statement of net position. The statement of net position presents the financial position of the proprietary funds at the end of the fiscal year. This statement reports the assets, liabilities, and net position of the Town. The assets and liabilities are presented in a classified format to distinguish between current and long-term assets and liabilities. In addition, the assets and liabilities are presented in the order of their relative liquidity. The statement of revenues, expenses and changes in net position is the operating statement of proprietary funds. This statement also segregates revenues and expenses between the category of operating and non-operating. Operating revenues and expenses are subtracted to come up with the operating income or loss from operations. Non-operating revenues and expenses are then shown by line item in a section following the results of the operations. The proprietary funds of the Town will also utilize a statement of cash flows. The purpose of the statement of cash flows is to provide relevant information about the cash receipts and payments made by these funds during each reporting period. The cash flow statement is broken down between different sections. The Town's proprietary funds are governmental funds which focus on the determination of operating income, changes in net position and cash flows and are reported as an internal service fund.

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

**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 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, liabilities, 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 3.05 to 1 compared to the end of the prior fiscal year when the current ratio was 5.15 to 1. This current and prior fiscal year ratio is considered strong.

	Governmental Activities		Percentage of Total	
	2021	2020	2021	2020
Current assets	\$ 8,687,902	\$ 8,998,940	16.58%	17.33%
Other assets	1,492,838	530,916	2.85%	1.02%
Capital assets	<u>42,224,941</u>	<u>42,401,867</u>	<u>80.57%</u>	<u>81.65%</u>
Total assets	<u>52,405,681</u>	<u>51,931,723</u>	<u>100.00%</u>	<u>100.00%</u>
Deferred outflows of resources	<u>637,458</u>	<u>570,644</u>	<u>100.00%</u>	<u>100.00%</u>
Current and other liabilities	2,849,456	1,747,459	20.99%	13.27%
Long-term liabilities outstanding	<u>10,723,242</u>	<u>11,417,000</u>	<u>79.01%</u>	<u>86.73%</u>
	<u>13,572,698</u>	<u>13,164,459</u>	<u>100.00%</u>	<u>100.00%</u>
Deferred inflows of resources	<u>61,309</u>	<u>66,795</u>	<u>100.00%</u>	<u>100.00%</u>
Net position:				
Net Investment in capital assets	33,562,562	32,869,730	85.16%	83.70%
Restricted	2,547,727	3,060,672	6.46%	7.79%
Unrestricted	3,298,843	3,340,711	8.38%	8.51%
	<u>\$ 39,409,132</u>	<u>\$ 39,271,113</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net position:				
Expendable:				
Restricted educational grants and programs	\$ 70,993	\$ 85,327		
Restricted town grants and programs	28,841	24,737		
Committed town capital funds	1,744,459	2,236,196		
Committed town special revenue funds	469,309	495,745		
Non-principal portion of permanent funds	<u>78,190</u>	<u>78,690</u>		
	<u>2,391,792</u>	<u>2,920,695</u>		
Non-expendable:				
Inventory	6,581	6,832		
Prepaid expenses	31,449	15,240		
Principal portion of permanent funds	<u>117,905</u>	<u>117,905</u>		
	<u>155,935</u>	<u>139,977</u>		
	<u>\$ 2,547,727</u>	<u>\$ 3,060,672</u>		



**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

**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	
	2021	2020	2021	2020
Program revenues				
Charges for services	\$ 1,013,351	\$ 1,235,625	3.70%	4.60%
Operating grants and contributions	8,682,543	6,929,279	31.69%	25.79%
Capital grants and contributions	50,581	640,342	0.18%	2.38%
General revenues				
Property taxes, interest, and liens	17,515,881	17,589,898	63.93%	65.47%
State property tax relief revenues	28,025	28,261	0.10%	0.11%
Other unclassified state revenues	39,955	39,210	0.15%	0.15%
Interest income	31,728	227,756	0.12%	0.85%
Miscellaneous	79,496	178,454	0.29%	0.65%
Loss on disposal of capital assets	-40,950	-	-0.16%	-
Total revenues	<u>27,400,610</u>	<u>26,868,825</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses				
General government	2,925,009	2,863,393	10.73%	11.23%
Public works	723,779	831,748	2.65%	3.26%
Public safety	698,584	727,446	2.56%	2.85%
Building planning and zoning	283,151	318,330	1.04%	1.25%
Community services	578,565	627,190	2.12%	2.46%
Sanitation and waste	516,613	489,134	1.89%	1.92%
Education	15,908,182	15,682,170	58.35%	61.49%
Education - on behalf	4,775,526	3,126,351	17.52%	12.26%
Capital outlay	720	-	0.01%	-
Bolton Lakes debt assessment	175,000	170,000	0.64%	0.67%
Debt issuance costs	68,862	-	0.25%	-
Debt service:				
Interest	219,602	277,780	0.81%	1.09%
Depreciation	388,998	391,544	1.43%	1.52%
Total expenses	<u>27,262,591</u>	<u>25,505,086</u>	<u>100.00%</u>	<u>100.00%</u>
Change in net position	138,019	1,363,739		
Net position - July 1	<u>39,271,113</u>	<u>37,907,374</u>		
Net position - June 30	<u>\$ 39,409,132</u>	<u>\$ 39,271,113</u>		
Expenses financed by general revenues:				
Total expenses	\$ 27,262,591	\$ 25,505,086		
Less program revenues	-9,746,475	-8,805,246		
	<u>\$ 17,516,116</u>	<u>\$ 16,699,840</u>	<u>64.25%</u>	<u>65.47%</u>

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

**Capital assets**

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, and infrastructure assets that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets and improvements thereto 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. The infrastructure assets and improvements thereto shown below include the current and prior fiscal year expenses of the Town for improvements to roads within the Town recorded at their actual historical cost or estimated historical cost when the actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1I on page 27 and note 5 on page 36.

	Governmental Activities		Percentage of total	
	2021	2020	2021	2020
Land and improvements	\$ 4,514,884	\$ 4,514,884	6.28%	6.43%
Buildings and improvements	44,700,375	44,136,599	62.19%	62.90%
Vehicles	4,358,407	4,097,697	6.06%	5.84%
Equipment	2,975,333	2,677,561	4.14%	3.82%
Infrastructure	15,332,487	14,747,256	21.33%	21.01%
Total historical cost	<u>71,881,486</u>	<u>70,173,997</u>	<u>100.00%</u>	<u>100.00%</u>
Less accumulated depreciation	<u>-29,656,545</u>	<u>-27,772,130</u>		
Total capital assets (net)	<u><u>\$ 42,224,941</u></u>	<u><u>\$ 42,401,867</u></u>		

**Debt administration**

The types of long-term debt normally incurred by the town include bonds, notes, and capital leases payable and the types of other debt related liabilities or the town include accrued compensated balances (earned vacation and longevity payment 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 37.

	Governmental Activities		Percentage of total	
	2021	2020	2021	2020
Outstanding payables:				
Portion due within one year	\$ 817,379	\$ 829,758	7.08%	6.78%
Portion due after one year	7,845,000	8,702,379	67.98%	71.06%
Other liabilities:				
Unamortized bond premiums	665,397	593,834	5.77%	4.85%
Accrued compensated balances - school	28,516	5,739	0.25%	0.05%
Accrued compensated balances - town	329,198	326,219	2.85%	2.66%
Total OPEB liability	<u>1,855,131</u>	<u>1,788,829</u>	<u>16.07%</u>	<u>14.60%</u>
Total debt	<u><u>\$ 11,540,621</u></u>	<u><u>\$ 12,246,758</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

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 13 and the Statement of revenues, expenditures and changes in fund balances on page 15.

**Financial highlights - Fund financial statements**

- The total assets of the Town's governmental funds exceeded the total liabilities by \$9,075,302 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 \$8,636,842, an increase of \$438,460 or approximately 5.08%. This increase is due to the positive results of the general fund of \$54,450, the negative results of the town capital funds of (\$491,737), the negative results of the cemetery activity fund of (\$11,335) and the positive results of the non-major governmental funds of \$887,082. These increases and decreases can be seen by reviewing Statement D on page 15 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 \$28,326,455 for the current fiscal year. This compares to the prior fiscal year balance of \$26,737,945. This represents an increase of \$1,588,510 or approximately 5.94%. This is due to a number of increases and decreases in revenue categories such as property tax revenues which decreased by (\$154,513), intergovernmental education revenue which increased by \$102,767 and intergovernmental other revenue which increased by \$499,142. This increase in intergovernmental other revenues related in large part to the Town receiving \$722,711 representing its first payment in relation to the American Rescue Plan Act. This revenue was recognized by The town in the fund financial statements as the applicable eligibility requirements had been met and the resources were available. Intergovernmental education on-behalf revenues and expenditures increased by \$1,649,175 for the actuarial determined State on-behalf revenue relating to the pension and OPEB benefits of the Teachers Retirement System.
- The total expenditures of the Town's governmental funds were \$27,984,632 for the current fiscal year. This compares to the prior fiscal year balance of \$26,192,304. This represents an increase of \$1,792,328 or approximately 6.84%. This is due to a number of increases and decreases in fund expenditures such as the town capital fund which increased by \$906,658 as a result of a number of different capital expenditures such as the purchase of six new vehicles relating to the town, school and fire department totaling \$270,710, current year paving and related costs in the amount of \$296,861, new tennis courts at the high school in the amount of \$537,051 as well as a number of other capital expenditure items. In addition, the general fund expenditures increased by \$1,421,287 which is due in part to the increase in the education on-behalf expenditures as described in the previous paragraph.
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was an excess of \$54,450 for the current fiscal year in comparison to an excess of \$390,125 for the prior fiscal year. This current fiscal year excess relates in part to the following selected current fiscal year budgetary highlights. See the budget to actual statement on pages 17 and 18 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 \$255,874 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 \$177,661 over the budgeted amount, intergovernmental other revenue was \$67,328 over the budgeted amount, education tuition was (\$46,299) under the budgeted amount, charges for services and fees was \$109,122 over the budgeted amount and interest income was (\$44,392) under the budgeted amount. Actual program expenditures of the general fund were \$2,344,090 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 \$967,903, the highway department accounts being under-expended by \$167,441, the town building operations accounts being under-expended by \$109,961 and debt service principal and interest repayments which was \$275,881 under the budgeted amount.
- In the current fiscal year the Town budgeted to utilize \$2,037,732 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 \$1,307,991 of its general unassigned fund balance in a similar manner. A special Town meeting was also held during the current fiscal year which approved the use of \$220,000 of general unassigned fund balance to repair damaged storm drains beneath a town road. These funds were transferred to the town capital reserve fund were \$210,010 of repair expenditures were incurred. In the current fiscal year, the Town also used \$47,885 of its general committed fund balance in relation to employment separation fund payments. In addition, the Town has budgeted a revenue and expense in the amount of \$250,000 for the proceeds and repayment of short-term borrowing. No short-term borrowing occurred in the general fund in either fiscal year.

**Town of Bolton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2021

**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 2022 fiscal year and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.5% 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 the pandemic on the local economy, businesses and Town revenues is being continually monitored. For the current fiscal year, there was a negative impact on income from investments and building permits, but other revenues such as recording fees and conveyance taxes were positively impacted. The Town did not see any impact on tax collections for the current fiscal year and there is no indication that there will be an impact on the 2022 fiscal year collections.

All of these factors were considered in preparing the Town's 2022 fiscal year budget. The total town appropriation for the 2022 fiscal year of \$22,828,494 was approved by town referendum on July 27, 2021. This represents a decrease of approximately .35% from the approved fiscal year 2021 budget of \$22,908,544.

**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, 2021

	Governmental activities
<b>Assets</b>	
Cash and cash equivalents	\$ 8,249,563
Investments	-
Restricted cash and cash equivalents	1,238,464
Restricted investments	196,095
Receivables, net:	
Property taxes receivable	212,108
Interest on property taxes	58,279
Intergovernmental	169,408
Accounts	18,793
Inventories	6,581
Prepaid items	31,449
Capital assets, non-depreciable	4,514,884
Capital assets, net	37,710,057
Total assets	52,405,681
 <b>Deferred outflows of resources</b>	
Related to OPEB	349,781
Deferred charges on bond refundings	287,677
	637,458
 <b>Liabilities</b>	
Accounts payable	486,188
Accrued payroll	80,795
Other liabilities	109,449
Unearned revenues	1,240,996
Accrued debt service interest	114,649
Long-term debt	
Portion due within one year	817,379
Portion due after one year	7,845,000
Unamortized bond premiums	665,397
Accrued compensated absences	357,714
Total OPEB liability	1,855,131
Total liabilities	13,572,698
 <b>Deferred inflows of resources</b>	
Related to OPEB	61,309
	61,309
 <b>Net position</b>	
Net Investment in capital assets	33,562,562
Restricted	
Expendable	2,391,792
Non-expendable	155,935
Unrestricted	3,298,843
Total net position	\$ 39,409,132

See the accompanying notes to the basic financial statements.

**Town of Bolton, Connecticut**  
Statement of activities  
For the year ended June 30, 2021

		Program Revenues				Net (expense) revenue and changes in net position
Primary government:	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions		Total governmental activities
<b>Governmental activities:</b>						
General government	\$ -2,925,009	\$ 155,372	\$ 37,570	\$ -		\$ -2,732,067
Public works	-723,779	-	106,049	-		-617,730
Public safety	-698,584	1,451	500	-		-696,633
Building, planning and zoning	-283,151	172,687	-	-		-110,464
Community services	-578,565	63,546	13,651	-		-501,368
Sanitation and waste	-516,613	-	-	-		-516,613
Education	-15,908,182	172,450	3,749,247	-		-11,986,485
Education - on behalf	-4,775,526	-	4,775,526	-		-
Capital outlay	-720	-	-	50,581		49,861
Bolton lakes debt assessment	-175,000	-	-	-		-175,000
Debt issuance costs	-68,862	-	-	-		-68,862
Debt service						
Principal	-	447,845	-	-		447,845
Interest	-219,602	-	-	-		-219,602
Depreciation						
General infrastructure	-388,998	-	-	-		-388,998
	<b>\$ -27,262,591</b>	<b>\$ 1,013,351</b>	<b>\$ 8,682,543</b>	<b>\$ 50,581</b>		<b>-17,516,116</b>
<b>General revenues:</b>						
						17,515,881
						28,025
						39,955
						31,728
						79,496
						-40,950
						17,654,135
						Change in net position 138,019
						Net position - July 1 39,271,113
						Net Position - June 30 \$ 39,409,132

See the accompanying notes to the basic financial statements.

**Town of Bolton, Connecticut**  
Balance sheet - Governmental funds  
June 30, 2021

	General fund	Town capital funds	Cemetery activity funds	Non-major governmental funds	Total governmental funds
<b>Assets</b>					
Cash	\$ 7,775,071	\$ 485,707	\$ 816,591	\$ 232,656	\$ 9,310,025
Investments	-	-	-	196,095	196,095
Receivables (net of allowance)					
Property taxes	212,108	-	-	-	212,108
Intergovernmental	109,874	-	-	59,534	169,408
Other	10,453	-	-	3,147	13,600
Inventories	-	-	-	6,581	6,581
Prepaid items	11,474	-	-	13,860	25,334
Due from internal service fund	323	-	-	-	323
Due from other funds	324,758	1,571,447	-	1,582,822	3,479,027
Total assets	<u>\$ 8,444,061</u>	<u>\$ 2,057,154</u>	<u>\$ 816,591</u>	<u>\$ 2,094,695</u>	<u>\$ 13,412,501</u>
<b>Liabilities</b>					
Accounts payable	\$ 404,308	\$ 30,701	\$ -	\$ 36,553	\$ 471,562
Accrued payroll	74,488	-	-	6,307	80,795
Other liabilities	106,460	-	-	2,989	109,449
Unearned revenues	1,925	-	-	607	2,532
Due to other funds	3,154,269	281,994	-	42,764	3,479,027
Total liabilities	<u>3,741,450</u>	<u>312,695</u>	<u>-</u>	<u>89,220</u>	<u>4,143,365</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - Property taxes	193,834	-	-	-	193,834
<b>Fund balances</b>					
Nonspendable	11,474	-	-	138,346	149,820
Restricted	-	-	-	1,375,992	1,375,992
Committed	169,792	1,744,459	-	469,309	2,383,560
Assigned	1,834,110	-	816,591	22,790	2,673,491
Unassigned	2,493,401	-	-	-962	2,492,439
Total fund balances	<u>4,508,777</u>	<u>1,744,459</u>	<u>816,591</u>	<u>2,005,475</u>	<u>9,075,302</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,444,061</u>	<u>\$ 2,057,154</u>	<u>\$ 816,591</u>	<u>\$ 2,094,695</u>	<u>\$ 13,412,501</u>

See the accompanying notes to the basic financial statements.

**Town of Bolton, Connecticut**  
Reconciliation of Statement C to Statement A  
for all governmental funds and activities  
June 30, 2021

Fund balances of governmental funds as shown on Statement C		\$ 9,075,302
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	71,881,486	
Less accumulated depreciation	-29,656,545	42,224,941
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:		193,834
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:		-1,238,464
4 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 bond refundings	287,677	
Deferred outflows of resources related to OPEB	349,781	
Deferred inflows of resources related to OPEB	-61,309	576,149
5 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	-114,649	
Bonds payable	-8,650,000	
Notes payable	-12,379	
Unamortized bond premiums	-665,397	
Accrued compensated balances	-357,714	
Total OPEB liability	-1,855,131	-11,655,270
6 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:		58,279
7 The assets, liabilities and net position of the internal service fund are not reported on Statement C however they are reported on Statement A and therefore the net position balance of this fund must be added back in:		174,361
Net position of governmental activities as shown on Statement A		<u>\$ 39,409,132</u>

See the accompanying notes to the basic financial statements.



**Town of Bolton, Connecticut**  
Statement of revenues, expenditures, and changes in fund balances - Governmental funds  
For the year ended June 30, 2021

	General fund	Town capital funds	Cemetery activity fund	Non-major governmental funds	Total governmental funds
<b>Revenues</b>					
Property tax revenues	\$ 17,461,814	\$ -	\$ -	\$ -	\$ 17,461,814
Intergovernmental - education	2,687,891	-	-	1,059,689	3,747,580
Intergovernmental - on behalf	4,775,526	-	-	-	4,775,526
Intergovernmental - tax relief	28,025	-	-	-	28,025
Intergovernmental - other	124,978	-	-	1,028,211	1,153,189
Education tuition	170,549	447,845	-	-	618,394
Charges for services and fees	323,867	-	8,500	62,590	394,957
Interest income	30,608	265	521	334	31,728
Miscellaneous	48,954	44	-	66,244	115,242
Total revenues	<u>25,652,212</u>	<u>448,154</u>	<u>9,021</u>	<u>2,217,068</u>	<u>28,326,455</u>
<b>Expenditures</b>					
Current:					
General government	2,777,630	73	20,356	37,570	2,835,629
Public works	861,519	-	-	39,467	900,986
Public safety	603,927	-	-	45	603,972
Building, planning and zoning	292,178	-	-	-	292,178
Community services	472,023	-	-	98,148	570,171
Sanitation and waste	515,773	-	-	-	515,773
Education	13,845,402	-	-	998,407	14,843,809
Education - on behalf	4,775,526	-	-	-	4,775,526
Capital outlay	720	1,135,584	-	156,349	1,292,653
Bolton lakes debt assessment	175,000	-	-	-	175,000
Debt issuance costs	-	93,072	-	-	93,072
Debt service:					
Principal	309,251	495,749	-	-	805,000
Interest	280,863	-	-	-	280,863
Total expenditures	<u>24,909,812</u>	<u>1,724,478</u>	<u>20,356</u>	<u>1,329,986</u>	<u>27,984,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>742,400</u>	<u>-1,276,324</u>	<u>-11,335</u>	<u>887,082</u>	<u>341,823</u>
Other financing sources (uses)					
Transfers in	-	1,594,249	-	-	1,594,249
Transfers out	-687,950	-906,299	-	-	-1,594,249
Bond issuance proceeds	-	2,690,000	-	-	2,690,000
Bond premium proceeds	-	171,602	-	-	171,602
Payments to bond escrow agent	-	-2,764,965	-	-	-2,764,965
Total other financing sources (uses)	<u>-687,950</u>	<u>784,587</u>	<u>-</u>	<u>-</u>	<u>96,637</u>
Net change in fund balance	54,450	-491,737	-11,335	887,082	438,460
<b>Fund balance - July 1, as Restated</b>	<u>4,454,327</u>	<u>2,236,196</u>	<u>827,926</u>	<u>1,118,393</u>	<u>8,636,842</u>
<b>Fund balance - June 30</b>	<u>\$ 4,508,777</u>	<u>\$ 1,744,459</u>	<u>\$ 816,591</u>	<u>\$ 2,005,475</u>	<u>\$ 9,075,302</u>

See the accompanying notes to the basic 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, 2021

Net changes in governmental fund balances as shown on Statement D		\$ 438,460
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	1,809,489	
Current year depreciation expense on current and previous capital assets	-1,945,465	
Current year loss on the disposal of capital assets	-40,950	-176,926
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:		41,021
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	289,088	
Current year revenue amounts to be recorded as unearned	-1,238,464	-949,376
4 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 bond refunding	-25,808	
Amortization of and changes in deferred outflows for OPEB	63,031	
Amortization of and changes in deferred inflows for OPEB	5,486	42,709
5 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:		
Refunding bond issuance	-2,690,000	
Refunding bond premium less underwriters discount	-147,392	
Payments to bond escrow agent	2,764,965	
Accrued debt service interest decrease	16,614	
Bonds payable principal repayment	805,000	
Notes payable principal repayment	24,758	
Amortization of bond premiums	70,455	
Accrued compensated absences decrease	-25,756	
Total OPEB liability increase	-66,302	752,342
6 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	-45,233	
Current year recorded delinquent interest and lien receivable balance	58,279	13,046
7 Net income from the internal service fund is not reported in Statement D however it is reported in Statement B and therefore must be added back in:		-23,257
Change in net position of governmental activities as shown on Statement B		\$ 138,019

See the accompanying notes to the basic financial statements.

**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, 2021

	Original budget	Budget revisions	Final budget	Actual	Variance
<b>Revenues</b>					
Property tax revenues	\$ 17,284,153	\$ -	\$ 17,284,153	\$ 17,461,814	\$ 177,661
Intergovernmental - education	2,687,278	-	2,687,278	2,687,891	613
Intergovernmental - tax relief	28,261	-	28,261	28,025	-236
Intergovernmental - other	57,650	-	57,650	124,978	67,328
Education tuition	216,848	-	216,848	170,549	-46,299
Charges for services and fees	214,745	-	214,745	323,867	109,122
Interest income	75,000	-	75,000	30,608	-44,392
Miscellaneous	56,877	-	56,877	48,954	-7,923
Total revenues	20,620,812	-	20,620,812	20,876,686	255,874
<b>Expenditures</b>					
<b>General government</b>					
Administration	729,120	-28,777	700,343	568,328	132,015
Board of finance	2,200	-	2,200	2,065	135
Finance office	231,238	-	231,238	223,219	8,019
Auditing services	26,500	-	26,500	26,000	500
Assessor	81,034	-	81,034	78,491	2,543
Tax collector	84,394	-	84,394	80,942	3,452
Employee benefits	974,958	3,444	978,402	825,805	152,597
Town clerk	137,079	-	137,079	133,753	3,326
Insurances	140,000	-	140,000	109,818	30,182
Probate court	5,786	-	5,786	5,786	-
Elections	44,931	-	44,931	38,477	6,454
Town building operations	798,907	-4,000	794,907	684,946	109,961
	3,256,147	-29,333	3,226,814	2,777,630	449,184
<b>Public works</b>					
Highway department	1,028,960	-	1,028,960	861,519	167,441
Public building commission	540	-	540	-	540
	1,029,500	-	1,029,500	861,519	167,981
<b>Public safety</b>					
Police protection	404,927	-	404,927	329,532	75,395
Fire commission	210,797	40,000	250,797	243,708	7,089
Animal control	3,000	-	3,000	3,000	-
Fire marshal	29,500	-	29,500	11,694	17,806
Emergency management	19,293	-	19,293	15,993	3,300
	667,517	40,000	707,517	603,927	103,590
<b>Building, planning and zoning</b>					
Building and land use	303,709	-	303,709	287,200	16,509
Planning and zoning commission	7,120	-	7,120	2,154	4,966
Zoning board of appeals	1,640	-	1,640	257	1,383
Inland wetlands commission	2,235	-	2,235	610	1,625
Economic development commission	2,000	-	2,000	590	1,410
Conservation commission	1,625	-	1,625	1,367	258
	318,329	-	318,329	292,178	26,151

See the accompanying notes to the basic financial statements.

**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, 2021

	Original budget	Budget revisions	Final budget	Actual	Variance
Community services					
Public health services	\$ 30,250	\$ -	\$ 30,250	\$ 28,296	\$ 1,954
Senior services	180,563	-	180,563	146,149	34,414
Library	292,286	20,692	312,978	297,578	15,400
	<u>503,099</u>	<u>20,692</u>	<u>523,791</u>	<u>472,023</u>	<u>51,768</u>
Sanitation and waste					
Refuse services	510,982	6,053	517,035	515,773	1,262
	<u>510,982</u>	<u>6,053</u>	<u>517,035</u>	<u>515,773</u>	<u>1,262</u>
Education	14,813,305	-	14,813,305	13,845,402	967,903
	<u>14,813,305</u>	<u>-</u>	<u>14,813,305</u>	<u>13,845,402</u>	<u>967,903</u>
Capital outlay	720	18,000	18,720	18,350	370
	<u>720</u>	<u>18,000</u>	<u>18,720</u>	<u>18,350</u>	<u>370</u>
Contingency	250,000	-	250,000	-	250,000
	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Debt issuance costs	50,000	-	50,000	-	50,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Bolton Lakes debt assessment	175,000	-	175,000	175,000	-
	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Debt service:					
Principal	559,281	-	559,281	309,251	250,030
Interest	306,714	-	306,714	280,863	25,851
	<u>865,995</u>	<u>-</u>	<u>865,995</u>	<u>590,114</u>	<u>275,881</u>
Total expenditures	<u>22,440,594</u>	<u>55,412</u>	<u>22,496,006</u>	<u>20,151,916</u>	<u>2,344,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-1,819,782</u>	<u>-55,412</u>	<u>-1,875,194</u>	<u>724,770</u>	<u>2,599,964</u>
Other financing sources (uses)					
Proceeds from short term debt issuance	250,000	-	250,000	-	-250,000
Utilization of unassigned fund balance	2,037,732	220,000	2,257,732	-	-2,257,732
Utilization of committed fund balance	-	55,412	55,412	-	-55,412
Transfers in	-	-	-	-	-
Transfers out	-467,950	-220,000	-687,950	-687,950	-
Total other financing sources (uses)	<u>1,819,782</u>	<u>55,412</u>	<u>1,875,194</u>	<u>-687,950</u>	<u>-2,563,144</u>
Change in fund balance	-	-	-	36,820	36,820
Current year encumbrances				17,630	
Prior year encumbrances				-	
Non-budgeted State on behalf revenue				4,775,526	
Non-budgeted State on behalf expenditure				<u>-4,775,526</u>	
Net change in fund balance				54,450	
<b>Fund Balance - July 1, as Restated</b>				<u>4,454,327</u>	
<b>Fund Balance - June 30</b>				<u><u>\$ 4,508,777</u></u>	

See the accompanying notes to the basic financial statements.

**Town of Bolton, Connecticut**  
Statement of net position  
Proprietary funds - Internal service fund  
June 30, 2021

	Governmental activities Dental fund
<b>Assets</b>	
Cash	\$ 178,002
Investments	-
Accounts receivable	5,193
Prepaid items	6,115
Due from other funds	-
Total assets	\$ 189,310
<b>Liabilities</b>	
Accounts payable	\$ 14,626
Accrued payroll	-
Other liabilities	-
Unearned revenues	-
Due to other funds	323
Total liabilities	14,949
<b>Net Position:</b>	
Restricted	
Expendable	174,361
Non-expendable	-
Unrestricted	-
Total net position	174,361
Total liabilities and net position	\$ 189,310

See the accompanying notes to the basic financial statements.

**Town of Bolton, Connecticut**  
Statement of revenues, expenses and changes in net position  
Proprietary funds - Internal service fund  
For the year ended June 30, 2021

	Governmental activities Dental fund
<b>Operating revenues:</b>	
Charges for services	\$ 145,219
Fees	-
Other operating revenues	-
Total operating revenues	145,219
<b>Operating expenses:</b>	
Personal services	-
Contractual services	168,476
Administrative costs	-
Total operating expenses	168,479
Total operating income (loss)	-23,257
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	-
Fiscal charges	-
Interest expense	-
Total nonoperating revenues (expenses)	-
Total Income (loss)	-23,257
<b>Contributions and transfers:</b>	
Capital contributions	-
Transfers in	-
Transfers out	-
Total contributions and transfers	-
Change in net position	-23,257
<b>Net position - July 1</b>	197,618
<b>Net position - June 30</b>	\$ 174,361

See the accompanying notes to the basic financial statements.

**Town of Bolton, Connecticut**  
Statement of cash flows  
Proprietary funds - Internal service fund  
For the year ended June 30, 2021

	Governmental activities Dental fund
<b>Cash flows from operating activities:</b>	
Receipts from employees and town	\$ 145,532
Receipts from customers and users	
Payments for goods and services	-158,418
Other items	1,876
Utilization of general fund cash account	-323
Net cash from operating activities	-11,333
 <b>Cash flows from noncapital financing activities:</b>	
Transfers to or from other funds	-
Interest paid	-
Net cash from noncapital financial activities	-
 <b>Cash flows from capital and related financial activities:</b>	
Capital asset additions	-
Principal payments of long-term debt	-
Interest payments of long-term debt	-
Net cash from capital and related financing activities	-
 <b>Cash flows from investing activities:</b>	
Investment additions	-
Interest and other receipts	-
Net cash from investing activities	-
 Change in cash and cash equivalents	-11,333
 <b>Cash and cash equivalents - July 1</b>	189,335
 <b>Cash and cash equivalents - June 30</b>	\$ 178,002
 <b>Reconciliation of operating income (loss) to net cash from operating activities:</b>	
Operating income (loss)	\$ -23,257
Changes in operating assets and liabilities	
(Increase) decrease in accounts receivable	-4,153
(Increase) decrease in prepaid items	1,876
Increase (decrease) in accounts payable	14,626
Increase (decrease) in unearned revenues	-748
Increase (decrease) in due to other funds	323
Net cash from operating activities	\$ -11,333

See the accompanying notes to the basic 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, 2021

	Custodial funds
<b>Assets</b>	
Cash	\$ 112,675
Investments	-
Accounts receivable	-
Due from other funds	-
Total assets	112,675
<b>Liabilities</b>	
Accounts payable	-
Accrued payroll	-
Other liabilities	-
Due to other funds	-
Total liabilities	-
<b>Net position</b>	
Restricted	
Expendable	112,675
Non-expendable	-
Unrestricted	-
Total net position	112,675
Total liabilities and net position	\$ 112,675
<b>Additions</b>	
Collections for BHS student groups/activities	\$ 78,809
Collections for BCS student groups/activities	7,446
Interest income	-
Miscellaneous	-
Total additions	86,255
<b>Deductions</b>	
Payments for BHS student groups/activities	90,747
Payments for BCS student groups/activities	14,558
Capital expenditures	-
Miscellaneous	-
Total deductions	105,305
Change in net position	-19,050
<b>Net position - July 1</b>	131,725
<b>Net position - June 30</b>	\$ 112,675

See the accompanying notes to the basic financial statements.



**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

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 Board of Finance.

**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. Standards of accounting and financial reporting issued by the Financial Accounting Standards Board, Accounting Principles Board Opinions, and the Accounting Research Bulletins of the American Institute of Certified Public Accountants Committee on Accounting Procedure on or before November 30, 1989, generally are followed in the government-wide financial statements, when applicable, to the extent that those standards do not conflict with or contradict pronouncements of the GASB. 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 or incomplete. 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 be financially accountable if an organization is fiscally dependent 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 determined that the Bolton Volunteer Fire Department, Inc. (the Department) meets the definition of a component unit due to its fiscal dependence on the Town. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated to the Department through the fire commission general fund line items of the Town which funds a portion of its operations. In addition, the Town makes an annual proficiency fund payment to the Department and a fire fighter retention expenditure in the amounts of \$18,263 and \$22,000, respectively, for the current fiscal year. Though the Town does not directly have the authority to approve or modify the budgeted use of funds collected by the Department directly, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis to the fire commission general fund line items. In addition, the fire safety complex, fire trucks and other major equipment items used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the Town considers the nature and significance of the relationship with the primary government as such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The activities of the Department should be shown within the Town's financials statements as a discretely presented component unit as opposed to a blended component unit in accordance with the provisions of GASB Statement No. 14 as amended by Statement Nos. 39 and 61. Audited financial information of the Department, however, has not been included in the accompanying government-wide financial statements and therefore the independent auditors' report includes an opinion modification.

**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.

**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

The statement of net position presents the financial position of the governmental and business-type activities of the primary government of the Town at the end of the fiscal year. This statement reports the assets, liabilities, 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 invested in 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 and business-type 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 of the Town would be shown as an internal balance and disclosed separately.

The statement of activities presents the operations of the governmental and business-type activities (when present) of the primary government of the Town 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.

## **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, a budgetary comparison schedule for the general fund, a statement of net position - proprietary funds, a statement of revenues, expenses and changes in net position - proprietary funds, a statement of cash flows - proprietary funds, 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 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.

**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

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 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.

Proprietary and fiduciary fund reporting focuses on net position and changes in net position. The proprietary funds of the Town consist of an internal service fund which is used to account for the self funding dental and other health reimbursement arrangement (HRA account) activities of the Town. 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 of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education.

- e. Internal service funds - Internal service funds can be used for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis when the reporting government is the predominant participant in the activity. The Town uses an internal service fund to account for its self funding dental and other health reimbursement arrangement (HRA account) activities.
- f. 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 10 on pages 30 and 31. 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.

**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

The budgetary comparison information is required to be presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. This statement shows the original budget as voted on and appropriated, the changes made to each individual departmental line item 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. 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.

**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.

In regard to the proprietary fund activities of the Town, the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows are prepared using the economic resources measurement focus and the accrual basis of accounting. 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.

**D. 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. 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, the State local government investment pool (STIF account), 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.

**E. 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.

**F. Inventories**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used 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 \$6,581 as it relates to the school lunch program.

**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

**G. Receivables & allowance for doubtful accounts**

All property tax, intergovernmental, and other receivables are reported net of any allowance for doubtful accounts. The current year fund financial statement accounts receivable balances for the governmental funds of the Town include property tax principal amounts of \$212,108, intergovernmental amounts of \$142,020 due on state, federal and other grant and awards agreements and \$27,388 due from towns for municipal building services fees and other miscellaneous receivables of \$13,600. The current year fund financial statement accounts receivable balances for the proprietary fund activities of the Town include miscellaneous receivables of \$5,193 related to the internal service fund activities. 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 long-term delinquent interest receivable balance is \$58,279. 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 in cash for the amount incurred. 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.

**H. Revenue recognition - property taxes**

The Town's property tax for the current year was levied May 22, 2020 on the grand list as of October 1, 2019, for the real estate and personal property located in the Town at a rate of 38.86 mills and for the motor vehicles located in the Town at a rate of 38.86 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2020. Supplemental motor vehicle taxes were due on January 1, 2021. Interest on unpaid taxes commenced after each due date, at 18% per annum or 1.50% per month. As described earlier, in the fund financial statements property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made 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. Capital assets**

Capital assets of the Town include land, land improvements, buildings, building improvements, vehicles equipment, 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. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. All improvements to infrastructure and other 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 also 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.

Land and land improvements are 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 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, 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.

**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

**J. 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 which are related to grants are recorded as prepaid items regardless of the dollar amount.

**K. 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, a portion of the annual tax commitment applicable to certain special revenue and other funds of the Town which are shown as transfers within the annual budget document approved by the inhabitants of the Town and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another fund. The actual receipt of this tax and other revenue is deposited into the general fund and accounted for as an inter fund receivable. 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.

**L. 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 balance is made up of amounts earned through 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 \$109,449 is made up of maintenance bonds of \$68,220 and driveway bonds of \$17,000 which have been received but not yet fulfilled and thus not yet returned, Herrick park security deposits of \$2,125 and rental security deposits of \$1,124 which will be returned as outlined in each application and agreement, school insurance clearing account activity in the amount of \$15,891, town insurance clearing account activity in the amount of \$2,100 and other miscellaneous program amounts of \$2,989. This insurance clearing account activity is expected to be applied to expenditures during the upcoming fiscal year.

**M. 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 \$1,240,996. This balance is made up of \$1,238,464 which represents unspent state, federal and other grant program balances which will be used in the upcoming fiscal year, \$1,925 which represents preschool tuition revenue received for the upcoming fiscal year and \$607 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 \$2,532. This amount represents the above mentioned preschool tuition revenue and miscellaneous program receipts for the upcoming fiscal year.

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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 \$637,458. The portion of this amount which is related to OPEB totaled \$349,781 and is made up of the actuarial determined differences between expected and actual experience of \$114,920 and changes of assumptions of \$234,861. The portion of this amount which is related to the deferred charges on bond refundings totaled \$287,677 and is made up of the unamortized deferred charges on the 2017 bond refunding of \$258,086 and the unamortized deferred charges on the 2021 bond refunding of \$29,591.

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 \$61,309 and is made up of the actuarial determined differences between expected and actual experience in the amount of \$25,287 and changes in assumptions in the amount of \$36,022 related to the total OPEB liability. The governmental funds of the Town currently report deferred inflows of resources on the balance sheet relating to unavailable revenue from property taxes 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 in the amount of \$193,834.

**N. Major funds - Fund financial statements only**

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 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-Schedules A starting on page 65 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 capital assets purchased or constructed through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as 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.
- 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.

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**O. Fund balance classification policies and procedures - fund financial statements only**

The fund balance amounts of the governmental funds of the Town 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 amounts as reported by the Town consist solely of the principal portion of its permanent funds and a corresponding amount for the recorded amount of inventory and prepaid expenditures when applicable.
- 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, the residual balance of the recreation round fund and the Bentley memorial library funds as well as education and town grants and program related balances.
- 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 Board of Finance is considered to be the highest level of decision making authority within the Town for determining committed fund balance amounts. The Board of Finance 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 which is also being shown as a committed general fund balance amount.
- 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 Board of Finance or the First Selectman individually as authorized by the Board of Finance. The First Selectman has the authority to accept funds on behalf of the Town which are specific revenue sources 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. Additional information on individual fund balance classifications can be found in the individual combining fund schedules starting on page 56.

Fund balances:	General fund	Town capital funds	Cemetery activity funds	Non-major governmental funds	Total governmental funds
<b>Nonspendable:</b>					
Inventories and prepaid items	\$ 11,474	\$ -	\$ -	\$ 20,441	\$ 31,915
Permanent funds principal	-	-	-	117,905	117,905
	<u>11,474</u>	<u>-</u>	<u>-</u>	<u>138,346</u>	<u>149,820</u>
<b>Restricted:</b>					
Town ARPA grant	-	-	-	722,711	722,711
Town aid roads grant	-	-	-	343,777	343,777
Educational grants	-	-	-	138,407	138,407
Education programs	-	-	-	40,497	40,497
Other town grants and programs	-	-	-	52,410	52,410
Permanent funds non-principal	-	-	-	78,190	78,190
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,375,992</u>	<u>1,375,992</u>
<b>Committed:</b>					
Employment separation funds	88,311	-	-	-	88,311
Founders day funds	76,053	-	-	-	76,053
Economic development funds	5,428	-	-	-	5,428
Town capital reserve fund	-	1,330,336	-	-	1,330,336
School capital reserve fund	-	203,713	-	-	203,713
BCS facility and paving improvements	-	165,299	-	-	165,299
Debt issuance costs	-	3,565	-	-	3,565
Heritage farm improvements	-	37,650	-	-	37,650
Town fire truck purchase	-	3,896	-	-	3,896
Recreation round fund	-	-	-	195,329	195,329
Buildings and grounds fund	-	-	-	65,761	65,761
Open space reserve funds	-	-	-	60,984	60,984
Heritage farm fund	-	-	-	35,912	35,912
Bentley memorial library fund	-	-	-	39,233	39,233
Other town grants and programs	-	-	-	72,090	72,090
	<u>169,792</u>	<u>1,744,459</u>	<u>-</u>	<u>469,309</u>	<u>2,383,560</u>
<b>Assigned:</b>					
Internal assignment of funds for unforeseen financial emergencies	1,816,480	-	-	-	1,816,480
Cemetery activity fund	-	-	816,591	-	816,591
Animal control fund	-	-	-	22,790	22,790
Town encumbrances	17,630	-	-	-	17,630
	<u>1,834,110</u>	<u>-</u>	<u>816,591</u>	<u>22,790</u>	<u>2,673,491</u>
<b>Unassigned</b>					
General fund	2,493,401	-	-	-	2,493,401
Education grants and programs	-	-	-	-962	-962
	<u>2,493,401</u>	<u>-</u>	<u>-</u>	<u>-962</u>	<u>2,492,439</u>
<b>Total fund balances</b>	<u>\$ 4,508,777</u>	<u>\$ 1,744,459</u>	<u>\$ 816,591</u>	<u>\$ 2,005,475</u>	<u>\$ 9,075,302</u>

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**P. 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 Board of Finance 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 Board of Finance with any comments or recommendations for action. Supplemental appropriation requests may be acted upon by the Board of Finance in that they may approve, lower or reject them. Any supplemental appropriation requests that are individually in excess of \$20,000 or when added to previous requests exceed \$20,000 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, shall 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 Board of Finance 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 Board of Finance on or before March 15<sup>th</sup>. The Board of Finance 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 Board of Finance 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 Board of Finance 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>. In accordance with current fiscal year executive orders as issued by the Governor, the Board of Finance approved the current fiscal year budget at its regular meeting on May 21, 2020.

Town general fund	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 25,652,212	\$ -24,909,812	\$ -687,950	\$ 54,450
Current fiscal year encumbrances	-	-17,630	-	-17,630
Prior fiscal year encumbrances	-	-	-	-
State on-behalf benefits related to pensions	-4,556,380	4,556,380	-	-
State on-behalf benefits related to OPEB	-219,146	219,146	-	-
Budgetary basis - Statement E	<u>\$ 20,876,686</u>	<u>\$ -20,151,916</u>	<u>\$ -687,950</u>	<u>\$ 36,820</u>

**Q. Encumbrance accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town of Bolton does utilize encumbrance accounting. The assigned portion of fund balance at June 30, 2021 relating to encumbrances was \$17,630 for the general fund as it relates to town capital expenditures and \$0 for the non-major special revenue funds relating to a Board of Education grant program.

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**R. 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.

**Note 2 - Restricted cash and investments - government-wide financial statements only**

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	<u>\$ 1,238,464</u>
Restricted investments	
Nonspendable balance of non-major permanent funds	\$ 117,905
Restricted balance of non-major permanent funds	<u>78,190</u>
	<u>\$ 196,095</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. FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For government accounts the ownership category is per official custodian. At year end, the carrying amount of the Town’s deposits was \$9,625,704 which is shown in the financial statements as cash balances of \$9,600,702 (\$9,310,025 on Statement C, \$178,002 on Statement F and \$112,675 on Statement I) and investment balances of \$25,002 which represents a certificate of deposit. The corresponding bank balances of these accounts at various financial institutions totaled \$10,073,784 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, \$500,025 was covered by FDIC with the remaining \$9,573,759 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, 2021.

Type	Fair value	Maturities in years			Credit ratings	
		Less than 1 year	1 - 5 years	6 - 10 years	Moody's	S & P
<b>Governmental activities and funds:</b>						
State Short-Term Investment Fund	\$ 171,093	\$ 171,093	\$ -	\$ -	not rated	AAAm
Certificates of deposit	25,002	25,002	-	-	not rated	not rated
	<u>\$ 196,095</u>	<u>\$ 196,095</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.

Investments	Fair value	Fair value measurement		
		Level 1	Level 2	Level 3
<b>Governmental activities and funds:</b>				
State Short-Term Investment Fund	\$ 171,093	\$ 171,093	\$ -	\$ -
Certificates of deposit	25,002	25,002	-	-
	<u>\$ 196,095</u>	<u>\$ 196,095</u>	<u>\$ -</u>	<u>\$ -</u>

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**Note 4 - Interfund receivables, payables, and transfers - fund financial statements only**

**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. Separate balances do show up in both the due from and due to column of the general fund. This is because individual funds within each of the below listed fund types may have either a due to or a due from balance. The Town believes it is more beneficial to show this information separately rather than netted out.

	Receivable due from	Payable due to
<b>General fund:</b>		
Town capital funds:		
Town capital reserve fund 2960	\$ -	\$ 1,361,037
School capital reserve fund 3452	281,994	-
School capital projects fund 3482	-	168,864
Town capital projects fund 3521	-	41,546
Non-major special revenue funds	42,764	1,582,822
	324,758	3,154,269
Proprietary internal service fund	323	-
	\$ 325,081	\$ 3,154,269
 <b>Town capital funds:</b>		
General fund		
Town capital reserve fund 2960	\$ 1,361,037	\$ -
School capital reserve fund 3452	-	281,994
School capital projects fund 3482	168,864	-
Town capital projects fund 3521	41,546	-
	\$ 1,571,447	\$ 281,994

**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 relates to an amount included in the annual budget in addition to an amount approved at a special town meeting. The town capital funds transfers relate to the budgeted amount coming from the general fund as well as a number of approved transfers from individual completed projects within the town capital reserve fund and the school capital projects fund to other projects within the town capital reserve fund.

	Transfers in	Transfers out
<b>General fund:</b>		
Town capital funds:		
Town capital reserve fund 2960	\$ -	\$ -687,950
 <b>Town capital funds:</b>		
Town capital reserve fund 2960		
General fund	\$ 687,950	\$ -
Town capital reserve fund 2960	266,030	-266,030
School capital projects fund 3482	640,269	-640,269
	\$ 1,594,249	\$ -906,299

**Town of Bolton, Connecticut**  
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**Note 5 - Capital assets - government-wide financial statements only**

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2021. Depreciation expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1I on page 27 of the financial statements.

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 4,514,884	\$ -	\$ -	\$ 4,514,884
Capital assets being depreciated:				
Buildings and improvements	44,136,599	615,776	-52,000	44,700,375
Vehicles	4,097,697	310,710	-50,000	4,358,407
Equipment	2,677,561	297,772	-	2,975,333
Infrastructure	14,747,256	585,231	-	15,332,487
Total at historical value	<u>65,659,113</u>	<u>1,809,489</u>	<u>-102,000</u>	<u>67,366,602</u>
Less accumulated depreciation for:				
Building and improvements	-16,957,718	-1,101,381	11,050	-18,048,049
Vehicles	-2,772,961	-177,453	50,000	-2,900,414
Equipment	-1,557,049	-262,655	-	-1,819,704
Infrastructure	-6,484,402	-403,976	-	-6,888,378
Total accumulated depreciation	<u>-27,772,130</u>	<u>-1,945,465</u>	<u>61,050</u>	<u>-29,656,545</u>
Total capital assets being depreciated (net)	<u>37,886,983</u>	<u>-135,976</u>	<u>-40,950</u>	<u>37,710,057</u>
Governmental activities capital assets (net)	<u>\$ 42,401,867</u>	<u>\$ -135,976</u>	<u>\$ -40,950</u>	<u>\$ 42,224,941</u>

Depreciation expense by function or department:

General government	\$ -112,146
Public works	-105,558
Public safety	-156,392
Community services	-33,696
Sanitation and waste	-840
Education	-1,147,835
General infrastructure depreciation	-388,998
	<u>\$ -1,945,465</u>

**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, 2021.

	Governmental activities
Recorded value of capital assets	\$ 71,881,486
Less accumulated depreciation	-29,656,545
Book value of capital assets	<u>42,224,941</u>
Less capital assets related debt	<u>-8,662,379</u>
Total net investment in capital assets	<u>\$ 33,562,562</u>

**Town of Bolton, Connecticut**  
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**Note 7 - Long-term liabilities - government-wide financial statements only**

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.

<b>Governmental activities:</b>	Balance 07/1/20	Additions	Reductions	Balance 06/30/21	Amount due within one year
<b>Outstanding payables:</b>					
\$9,000,000 general obligation bond	\$ 425,000	\$ -	\$ -425,000	\$ -	\$ -
\$4,345,000 general obligation bond	2,945,000	-	-2,945,000	-	-
\$1,675,000 general obligation bond	1,180,000	-	-165,000	1,015,000	165,000
\$4,995,000 advance refunding bond	4,945,000	-	-	4,945,000	420,000
\$2,690,000 advance refunding bond	-	2,690,000	-	2,690,000	220,000
\$99,032 note payable	37,137	-	-24,758	12,379	12,379
Total outstanding payables	<u>9,532,137</u>	<u>2,690,000</u>	<u>-3,559,758</u>	<u>8,662,379</u>	<u>817,379</u>
<b>Unamortized bond premiums:</b>					
\$9,000,000 general obligation bond	2,676	-	-2,676	-	
\$4,345,000 general obligation bond	5,604	-	-5,604	-	
\$1,675,000 general obligation bond	91,699	-	-14,107	77,592	
\$4,995,000 advance refunding bond	493,855	-	-47,034	446,821	
\$2,690,000 advance refunding bond	-	147,392	-6,408	140,984	
	<u>593,834</u>	<u>147,392</u>	<u>-75,829</u>	<u>665,397</u>	
<b>Other liabilities:</b>					
Accrued comp. absences - school	5,739	22,777	-	28,516	
Accrued comp. absences - town	326,219	2,979	-	329,198	
Total OPEB liability	1,788,829	66,302	-	1,855,131	
Total other liabilities	<u>2,120,787</u>	<u>92,058</u>	<u>-</u>	<u>2,212,845</u>	
<b>Total long-term liabilities</b>	<u>\$ 12,246,758</u>	<u>\$ 2,929,450</u>	<u>\$ -3,635,587</u>	<u>\$ 11,540,621</u>	<u>\$ 817,379</u>

The following is a summary of the terms, conditions, and ending balance as of June 30, 2021 of the outstanding long-term bonds and notes payable of the Town as well as the outstanding principal and interest requirements for the fiscal years ending June 30:

\$9,000,000 general obligation bond issued 08/01/10 to finance a portion of the high school construction and renovation project. \$5,170,000 of this bond was advance refunded on 06/21/17. The current maturity date of the remaining bond is 08/01/20 with interest ranging from 2.00% to 3.00%.	\$ -
\$4,345,000 general obligation bond issued 05/01/12 to finance a portion of the high school construction and renovation project and the purchase of a new fire truck. The remaining balance of \$2,730,000 of this bond was advanced refunded on 02/26/21.	-
\$1,675,000 general obligation bond issued 06/21/17 to finance improvements at the Bolton Center School, Heritage farm and the purchase of a new fire truck. The current maturity date is 08/01/26 with interest ranging from 3.00% to 5.00%.	1,015,000
\$4,995,000 advance refunding bond issued 06/21/17 to advance refund \$5,170,000 of the outstanding bonds issued on 08/01/10. The current maturity date is 08/01/30 with interest ranging from 3.00% to 5.00%.	4,945,000
\$2,690,000 advance refunding bond issued 02/26/21 to advance refund \$2,730,000 of the outstanding bonds issued on 05/01/12. The current maturity date is 05/01/32 with interest ranging from 2.00% to 1.05%.	2,690,000
\$99,032 note payable issued in 12/01/17 to finance a portion of the costs for a energy conservation lighting and other items project at the center school. This is a non-interest bearing note maturing in January of 2022.	12,379
	<u>\$ 8,662,379</u>

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

	Principal	Interest	Total
2022	\$ 817,379	\$ 266,383	\$ 1,083,762
2023	825,000	244,207	1,069,207
2024	845,000	221,483	1,066,483
2025	865,000	195,057	1,060,057
2026	885,000	166,470	1,051,470
2027 - 2031	4,160,000	378,262	4,538,262
2032 - 2036	265,000	2,783	267,783
	\$ 8,662,379	\$ 1,474,645	\$ 10,137,024

**Amortization of bond premiums and deferred charge on bond refunding**

The \$9,000,000 general obligation bond was issued on 08/01/10 at a premium which means that the Town received proceeds in excess of the face amount of the bond. The Town received \$9,115,750 in proceeds from this bond with \$107,052 representing the premium amount and \$8,698 representing an accrued interest amount. As part of the advanced refunding bond issued on 06/21/17, \$5,170,000 of this general obligation bond was refunded and thus removed from the financial statements in addition to \$53,532 of the original premium. The remaining bond premium was amortized over the remaining life of the remaining bond on a straight line basis at a rate of \$2,676 per interest payment made. This remaining bond amount was paid and in turn the premium was fully amortized as of the end of the current fiscal year.

The \$4,345,000 general obligation bond was issued 05/01/12 at a premium. The Town received \$4,354,916 in proceeds from this bond with \$9,346 representing the premium amount and \$570 representing an accrued interest amount. The bond premium amount was amortized over the life of the bond on a straight line basis at a rate of \$234 for each interest payment made. As part of the advanced refunding bond issued on 02/26/21, the remaining balance of this bond in the amount of \$2,730,000 was refunded and thus removed from the financial statements in addition to the remaining original premium in the amount of \$5,374.

The \$1,675,000 general obligation bond was issued on 06/21/17 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 \$77,592 as of June 30, 2021.

The \$4,995,000 advance refunding bond was issued on 06/21/17 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 \$446,821 as of June 30, 2021.

The \$2,690,000 advance refunding bond was issued on 02/26/21 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 \$140,984 as of June 30, 2021.

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 on 06/21/17 is \$258,086. The current fiscal year deferred charge on bond refunding in relation to the \$2,690,000 advanced refunding on 02/26/21 is \$29,591. The total deferred charge on bond refunding is \$287,677 as of June 30, 2021. The annual amortization of these deferred charge amounts is recognized as an addition to interest expense.



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The following is a summary of the actual 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
2022	\$ 266,383	\$ -73,958	\$ 28,498	\$ 220,923
2023	244,207	-73,958	28,498	198,747
2024	221,483	-73,958	28,498	176,023
2025	195,057	-73,958	28,498	149,597
2026	166,470	-73,958	28,498	121,010
2027 - 2031	378,262	-282,791	142,496	237,967
2032 - 2036	2,783	-12,816	2,691	-7,342
	<u>\$ 1,474,645</u>	<u>\$ -665,397</u>	<u>\$ 287,677</u>	<u>\$ 1,096,925</u>

**Interest expense**

The total interest expense incurred by the Town during the current fiscal year totaled \$280,863. In the fund financial statements, this amount is shown as interest expense in the general fund. In the government-wide financial statements, the total interest expense incurred by the Town of \$280,863 was decreased by (\$70,455) relating to the current fiscal year portion of the amortization of the premium on prior bonding agreements entered into by the Town, increased by \$25,808 relating to the current fiscal year portion of the amortization of the deferred charge on a prior bond refunding agreement entered into by the Town, decreased by the reversal of the prior fiscal year accrued interest amounts of (\$131,263) and increased by the current fiscal year accrued interest amounts of \$114,649 for a total recorded interest expense amount of \$219,602. In the government-wide financial statements, this amount is shown as interest expense.

**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 are considered defeased and the liability for those bonds as well as the related premium liability were removed from the statement of net assets. The irrevocable trust fund assets are not included in the Town's financial statements. The \$5,170,000 of refunded bonds were paid through the escrow agent with the assets of the irrevocable trust fund during the current fiscal year. As such, the market value of the irrevocable trust fund is \$0 as of June 30, 2021.

**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 are considered defeased and the liability for those bonds as well as the related premium liability were removed from the statement of net assets. The irrevocable trust fund assets are not included in the Town's financial statements. The \$2,730,000 of refunded bonds were paid through the escrow agent with the assets of the irrevocable trust fund during the current fiscal year. As such, the market value of the irrevocable trust fund is \$0 as of June 30, 2021.

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**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, 2021, school accumulated sick balances for those who would receive the benefits if they retired as of June 30, 2021 based on reaching the required age and or years of service requirements totaled approximately \$288,605. A current portion of these recorded liabilities has not been estimated due to the fact that these benefits (accumulated sick and vacation time) may be used by the employees during the course of the fiscal year or they may be paid out upon retirement or termination.

**Note 8 - 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 ICMA RC and is authorized under Section 457 of the Internal Revenue Code. Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) 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 \$19,500 in 2021 and \$19,500 in 2020 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 consisted of 10% of the wages of one employee, 8% of the wages of two employees, and 5% of the wages for the remaining covered employees as outlined in the plan document. During the fiscal year ended June 30, 2021, approximately 28 employees participated in the plan at some point during the year. Total payroll for Town employees (excluding the Board of Education) was approximately \$2,262,831 of which approximately \$1,581,047 represented wages attributable to plan participants. For the fiscal year ended June 30, 2021, the Town contributed \$90,769 to the plan on-behalf of the plan participants.

**Note 9 - 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 between 6.00% and 13.0% of the covered employees wages. For the fiscal year ended June 30, 2021, approximately 3 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 \$9,526,129 (excluding non-Board of Education employees), of which approximately \$183,512, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2021, the Board of Education contributed \$15,752 to the plan on-behalf of the plan participants.

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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 25% of an individual employee's compensation or \$58,000 in 2021 and \$57,000 in 2020 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 2021 and 2020). 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 13% of the covered employees wages. For the fiscal year ended June 30, 2021, approximately 39 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 \$9,526,129 (excluding non-Board of Education employees), of which approximately \$1,546,889, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2021, the Board of Education contributed \$101,705 to the plan on-behalf of the plan participants.

**Note 10 - 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. The Teachers Retirement Board 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. In relation to 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 1% contributions made prior to July 1, 1989 and voluntary contributions are payable. In relation to 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. In relation to 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% of average annual salary times credited service to date of disability, 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.

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**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 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2021, the Town recognized pension revenue and expense of \$4,556,380 for on-behalf amounts for the benefits provided by the State.

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	31,808,242
Total	\$ 31,808,242

**Actuarial assumptions** - The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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.

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**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 Treasurers office are summarized in the following table.

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity fund	20.0%	5.6%
Developed market international stock fund	11.0%	6.0%
Emerging market international stock fund	9.0%	7.9%
Core fixed income fund	16.0%	2.1%
Inflation linked bond fund	5.0%	1.1%
Emerging market debt fund	5.0%	2.7%
High yield bond fund	6.0%	4.0%
Real estate fund	10.0%	4.5%
Private equity	10.0%	7.3%
Alternative instruments	7.0%	2.9%
Liquidity fund	1.0%	0.4%

**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 11 - 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.

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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 \$110 per month for a retired member plus an additional \$110 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, and has not increased since July of 1996. A subsidy amount of \$220 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 \$220 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 System. 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 CTRB 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 follows: 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.

**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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability. For the year ended June 30, 2021, the Town recognized OPEB revenue and expense of \$219,146 for on-behalf amounts for the benefits provided by the State.

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	4,744,200
Total	\$ 4,744,200

**Actuarial assumptions and other inputs** - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement. The projected fiduciary net position is projected to be depleted in 2021.

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	
Discount rate	2.21% as of June 30, 2020 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date	
Healthcare cost trend rates: Medicare	5.125% for 2020, decreasing to an ultimate rate of 4.75% by 2023	
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	

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**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%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		2.00%	

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.50%. 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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 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 3.25%.
- 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.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2020 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.

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**Note 12 - On-behalf payments**

The Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement Board Pension and OPEB Contributions made by the State of Connecticut on-behalf of the Bolton School Department teachers for the fiscal year ended June 30, 2021 in accordance with 10-183z of the Connecticut General Statutes which reflects public act 79-436 as amended. For the fiscal year ended June 30, 2021, the Town recognized on-behalf pension revenue and expense of \$4,556,380 and on-behalf OPEB revenue and expense of \$219,146 for these benefits provided by the State of Connecticut for a total of \$4,775,526. These on-behalf amounts were determined based on the most recent actuarial valuation as of June 30, 2020. These amounts were not budgeted for in the general fund and results in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. A separate intergovernmental revenue and education expenditure in the amount of \$4,775,526 have been included in the general fund on Statement D (GAAP basis) and have not been reported in the detail of Statement E (budgetary basis). There is no effect on fund balance at the end of the fiscal year. A separate operating grants and contributions revenue and education expense in the amount of \$4,775,526 have been included on Statement B. There is no effect on the net position balance at the end of the fiscal year.

**Note 13 - 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 postemployment 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. The Town accounts for dental coverage in the form of a self insured dental internal service fund.

**Employees covered by benefit terms** - The following employees were covered by the benefit terms of the Plan as of July 1, 2020, the date of the last actuarial valuation.

	Participant count
Active plan members	140
Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	0
	146

**Total OPEB liability** - The Town's total OPEB liability was \$1,855,131 as of June 30, 2021. The July 1, 2019 actuarial valuation directly calculated the July 1, 2019 liability. The July 1, 2019 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2021. The liability as of June 30, 2021 was also adjusted to reflect any material plan changes after the valuation, if applicable.



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**Actuarial assumptions and other inputs** - The total OPEB liability as of June 30, 2021 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, 2019 as adjusted for June 30, 2021 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	2.60%
Inflation	2.60%
Discount rate	2.16% as of June 30, 2021 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2021.
Healthcare cost trend rates	6.50% for 2019, decreasing .20% per year, to a rate of 4.60% for 2029 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-2019.

**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, 2021:

	Total OPEB liability
Balance as of June 30, 2020	\$ 1,788,829
Changes for the year:	
Service cost	71,721
Interest	39,619
Changes of benefit terms	-
Differences between expected and actual experience	80,903
Changes of assumptions	10,480
Benefit payments	-136,421
Net changes	66,302
Balance as of June 30, 2021	\$ 1,855,131

**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 (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current discount rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 2,082,185	\$ 1,855,131	\$ 1,659,458

**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 3.60%)	Current trend rates (6.50% decreasing to 4.60%)	1% Increase (7.50% decreasing to 5.60%)
Total OPEB liability	\$ 1,589,879	\$ 1,855,131	\$ 2,179,004

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**OPEB expense and Deferred outflows and inflows of resources related to OPEB** - For the year ended June 30, 2021, the Town's actuarial determined OPEB expense was \$109,016. At June 30, 2021, 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	\$ 114,920	\$ -25,287
Changes of assumptions	234,861	-36,022
Total	\$ 349,781	\$ -61,309

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:

2022	\$	22,866
2023		22,866
2024		22,866
2025		22,866
2026		22,866
Thereafter		174,142
		\$ 288,472

**Note 14 - 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 07/01/20	Annual appropriations	Revenues	Expenditures	Committed fund balance 06/30/21
<b>General government:</b>					
Employment separation funds	\$ 61,196	\$ 75,000	\$ -	\$ -47,885	\$ 88,311
Bolton founders day funds	83,132	-	448	-7,527	76,053
Economic development funds	5,425	-	3	-	5,428
	\$ 149,753	\$ 75,000	\$ 451	\$ -55,412	\$ 169,792

**Note 15 - Assigned general fund balance**

The management of the Town of Bolton, at the direction of the Board of Finance, 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, 2020 which was \$1,736,344, added the general fund interest earned during the fiscal year through the money market account set aside for the deposit of these funds in the amount of \$5,136, 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 \$1,816,480. The Town also voted to use a portion of the accumulated unassigned general fund balance as of June 30, 2021 as funding for the budget for the fiscal year ended June 30, 2022 as approved by referendum on July 27, 2021 in the amount of \$1,659,924. However, as this amount was not approved until after the end of the current fiscal year the amount is not shown as assigned general fund balance as of June 30, 2021 but is rather included as unassigned fund balance as of June 30, 2021.

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**Note 16 - Deficit fund balances**

In accordance with generally accepted accounting principles, all deficit fund balances and their nature must be disclosed. The following individual non-major special revenue funds currently have deficit fund balances totaling (\$962). This deficit total includes the 07-09 Idea Part B section 611 grant of (\$12), the 07-08 open choice grant of (\$416), the 11-12 PACT grant of (\$478), the 13-14 PACT grant of (\$46) and the 20-22 Idea section 619 grant of (\$10). It is anticipated that additional grant dollars as well as subsequent fiscal year transfers will clear out any remaining deficit balances in these non-major special revenue funds.

**Note 17 - 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 \$6,520,323 as of June 30, 2021. The Towns percentage of this debt is approximately 71% for a total contingent debt amount of \$4,629,429 as of June 30, 2021.

**Note 18 - Commitments and contingencies - Operating leases**

The Town and more specifically the Board of Education of the Town leases photocopiers under a lease which is classified an operating lease. For leases to be classified as capital leases they must meet at least one of the following four criteria: 1) The lease passes title to the lessee by the end of the lease term, 2) the lease contains a bargain purchase option, 3) the lease term is at least 75% of the property's estimated economic life, or 4) the present value of the minimum lease payments is at least 90% of the property's fair value. According to the terms of the lease agreement, the first and second criteria is not met. For criteria three and four, the estimate made is that at the end of the lease term the copier will be refurbished by the lessor and leased in another capacity and payment amount to another lessee. This lease agreement runs from January of 2021 through December of 2025. Monthly payments under this lease agreement are \$1,750 which equals annual payments of \$21,000.

**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, 2021 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.

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The Town and the Board of Education have entered into a joint agreement with the Capital Regional Education Council for computer system maintenance and technical services. This agreement is for the one year period of July 1, 2021 through June 30, 2022 at an annual fee of \$123,415. The Town entered into a one year agreement through December 31, 2021 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 \$1.5851 for a contract allocation of 7,500 gallons or \$11,888. If gallons purchased exceed 100% of the gallons allocated or are less than 98% of the gallons allocated, the contract provides options for the vendor for either selling additional gallons or billing the town for the unused and un-lifted volume. The town clerks office entered into a forty-one month hosted services contract from February 1, 2020 through June 30, 2023. The first four monthly payments are \$590 through June 30, 2020. Monthly payments, thereafter, are \$650 at an annual cost of \$7,800. 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, 2021, the Town has made three annual payments totaling \$93,000.

The Board of Education has entered into a bus transportation agreement with M&J Bus, Inc. 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 runs for an initial term of five years from July 1, 2016 through June 30, 2021. Prior to the end of the current fiscal year 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 within the agreement for athletics, field trips and other trips. The Board has entered into a food services collaboration pilot program agreement. The agreement is for a three year period from July 1, 2019 through June 30, 2022 at annual amounts of \$22,000, \$22,500 and \$23,000, respectively. The Board has entered into an athletic training services agreement. The agreement is for a three year period from August 24, 2020 through June 23, 2023 at annual amounts of \$19,000.

**Note 20 - Recently issued accounting standards not yet effective**

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for fiscal years beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for reporting periods beginning after December 15, 2021 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

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In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics each with a slightly different effective date wording. In general, the requirements of this statement are effective for reporting periods beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2021 which is the Town's fiscal year beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

#### **Note 21 - Restatement**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020.

**Town of Bolton, Connecticut**  
Notes to the basic financial statements  
June 30, 2021

Prior to this implementation of GASB Statement No. 84, the town had identified and reported three specific activities within the financial statements as fiduciary activities and more specifically as agency funds. The first activity related to performance and other related bonds which were received by the Town and held until certain requirements were met by the bond holders at which time the funds would be returned. The outstanding bonds were classified as a fiduciary activity while the residual within the internal fund was classified as a non-major special revenue fund. The second activity related to rental escrow payments which were received by the Town and held until each specific rental agreement ended and the escrow payments were due back to the renters. The outstanding rental escrow amounts were classified as a fiduciary activity while the residual within the internal fund was classified as a non-major special revenue fund. The third activity related to the student activity accounts located at the Board of Education.

GASB Statement No. 84 identifies four specific categories of fiduciary activities. Fiduciary activities can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. In addition, pension or other employee benefit trust arrangements would be further identified as either a fiduciary component unit or non-component unit arrangement which would further differentiate how the fiduciary activities would be reported. None of the previously reported fiduciary activities of the Town related to pension and other employee benefit trust funds or investment trust funds. Therefore the Town evaluated whether these previously reported fiduciary activities would meet the criteria within GASB Statement No. 84 in relation to either private purpose trust funds or custodial funds.

GASB Statement No. 84 states that private-purpose trust funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in a trust that meets specific criteria. The Town has evaluated the criteria set forth in paragraphs 17 and 11c of the statement and has determined that none of the three aforementioned activities meet this criteria and therefore none of the activities would be reported as a private purpose trust fund. GASB Statement No. 84 states that 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 Town has evaluated the criteria set forth in paragraph 11 of the statement and has determined that neither the performance and other related bonds activity or the rental escrow activity meet the criteria to be considered a fiduciary activity. As a result, the liabilities related to these activities have been reclassified to the general fund and the aforementioned residual within the internal funds have also been reclassified to the general fund resulting in the following restatements within the fund financial statements as of July 1, 2020.

	General fund	Non-major governmental funds
Fund balance - July 1, as originally reported	\$ 4,450,684	\$ 1,122,036
Performance and other related bonds activity residual	3,114	-3,114
Rental escrow activity residual	529	-529
Fund balance - July 1, as Restated	\$ 4,454,327	\$ 1,118,393

GASB Statement No. 84 states that 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 Town has evaluated the criteria set forth in paragraph 11 of the statement and has determined that the student activity funds located at the Board of Education do meet the criteria to be considered a fiduciary activity and therefore in accordance with the statement would be classified as a custodial fund.

**Note 22 - Subsequent events**

The Town has evaluated subsequent events through March 14, 2022, 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 and there were no non-recognized subsequent events that would require disclosure in the notes to the financial statements.

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

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	31,808,242	28,062,991	21,638,197	22,814,406	24,069,374	18,187,832	16,811,006
Total	<u>\$31,808,242</u>	<u>\$28,062,991</u>	<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>\$ 7,346,874</u>	<u>\$ 7,215,418</u>	<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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to schedule:**Changes in benefit terms and assumptions:

There were no changes to benefit terms. Based on an experience study for the five year period ending June 30, 2019, the annual rate of real wage increase assumption decreased from .75% to .50%, the payroll growth assumption decreased from 3.25% to 3.00% and Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The following actuarial methods and assumptions were used to determine the most recent reported contributions:

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

**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)

	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>
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>4,744,200</u>	<u>4,376,582</u>	<u>4,325,603</u>	<u>5,872,184</u>
Total	<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>\$ 7,346,874</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-employee payroll	<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>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

**Notes to schedule:**Changes in benefit terms and assumptions:

There were no changes in benefit terms. Based on an experience study for the five year period ending June 30, 2019, the annual rate of real wage increase assumption decreased from .75% to .50%, the payroll growth assumption decreased from 3.25% to 3.00% and Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Methods and assumptions used in calculations of actuarial determined contributions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement. The projected fiduciary net position is projected to be depleted in 2021.

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
Discount rate	2.21% as of June 30, 2018 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date
Healthcare cost trend rates: Medicare	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023
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



**Town of Bolton, Connecticut**  
 Schedule of changes in total OPEB liability  
 Post-Retirement Healthcare Plan  
 Last ten fiscal years (for all years available)

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 71,721	\$ 60,682	\$ 53,870	\$ 54,668
Interest	39,619	56,614	57,988	53,197
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	80,903	-29,333	22,953	29,666
Changes of assumptions	10,480	203,005	63,284	-49,874
Benefit payments	-136,421	-107,834	-73,146	-75,699
Net change in total OPEB liability	66,302	183,134	124,949	11,958
Total OPEB liability - beginning	1,788,829	1,605,695	1,480,746	1,468,788
Total OPEB liability - ending	<u>\$ 1,855,131</u>	<u>\$ 1,788,829</u>	<u>\$ 1,605,695</u>	<u>\$ 1,480,746</u>
Covered payroll	<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>18.99%</u>	<u>18.79%</u>	<u>16.02%</u>	<u>15.16%</u>

**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, 2021

	Non-major special funds	Non-major permanent funds	Totals
<b>Assets</b>			
Cash	\$ 232,656	\$ -	\$ 232,656
Investments	-	196,095	196,095
Accounts receivable	62,681	-	62,681
Inventories and prepaid items	20,441	-	20,441
Due from other funds	1,582,822	-	1,582,822
Total assets	<u>1,898,600</u>	<u>196,095</u>	<u>2,094,695</u>
<b>Liabilities</b>			
Accrued liabilities	42,860	-	42,860
Other liabilities	3,596	-	3,596
Due to other funds	42,764	-	42,764
Total liabilities	<u>89,220</u>	<u>-</u>	<u>89,220</u>
<b>Fund balance</b>			
Nonspendable	20,441	117,905	138,346
Restricted	1,297,802	78,190	1,375,992
Committed	469,309	-	469,309
Assigned	22,790	-	22,790
Unassigned	-962	-	-962
Total fund balance	<u>1,809,380</u>	<u>196,095</u>	<u>2,005,475</u>
Total liabilities and fund balance	<u>\$ 1,898,600</u>	<u>\$ 196,095</u>	<u>\$ 2,094,695</u>
<b>Revenues</b>			
Intergovernmental	\$ 2,087,900	\$ -	\$ 2,087,900
Charges for services	62,590	-	62,590
Interest income	137	197	334
Miscellaneous	66,244	-	66,244
Total revenues	<u>2,216,871</u>	<u>197</u>	<u>2,217,068</u>
<b>Expenditures</b>			
Wages and benefits	487,317	-	487,317
Program operating costs	685,623	697	686,320
Capital outlay	156,349	-	156,349
Total expenditures	<u>1,329,289</u>	<u>697</u>	<u>1,329,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>887,582</u>	<u>-500</u>	<u>887,082</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	887,582	-500	887,082
<b>Fund balance - July 1</b>	<u>921,798</u>	<u>196,595</u>	<u>1,118,393</u>
<b>Fund balance - June 30</b>	<u>\$ 1,809,380</u>	<u>\$ 196,095</u>	<u>\$ 2,005,475</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, 2021

	Covid-19 State CRF grant Fund 1005	Buildings and grounds Fund 2821	Mers documentation fees Fund 2822	Historic documentation fees Fund 2822	Connecticard library grant Fund 2822
<b>Assets</b>					
Cash	\$ -	\$ 65,811	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	8,260	20,581	1,023
Total assets	-	65,811	8,260	20,581	1,023
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	50	-	-	-
Total liabilities	-	50	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	8,260	20,581	1,023
Committed	-	65,761	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	65,761	8,260	20,581	1,023
Total liabilities and fund balance	\$ -	\$ 65,811	\$ 8,260	\$ 20,581	\$ 1,023
<b>Revenues</b>					
Intergovernmental	\$ 34,614	\$ -	\$ -	\$ -	\$ 381
Charges for services	-	300	2,070	2,034	-
Interest income	-	36	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	34,614	336	2,070	2,034	381
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	34,614	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	34,614	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	336	2,070	2,034	381
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	336	2,070	2,034	381
<b>Fund balance - July 1</b>	-	65,425	6,190	18,547	642
<b>Fund balance - June 30</b>	\$ -	\$ 65,761	\$ 8,260	\$ 20,581	\$ 1,023

**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, 2021

	Connecticut library grant Fund 2822	Lower Bolton lakes grant Fund 2822	East coast greenway grant Fund 2822	State election grants Fund 2822	W3R task agreement grant Fund 2822
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	9	-	1,373	2,500	18,664
Total assets	9	-	1,373	2,500	18,664
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	9	-	1,373	2,500	18,664
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	9	-	1,373	2,500	18,664
Total liabilities and fund balance	\$ 9	\$ -	\$ 1,373	\$ 2,500	\$ 18,664
<b>Revenues</b>					
Intergovernmental	\$ -	\$ 35,177	\$ -	\$ 5,456	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	18,664
Total revenues	-	35,177	-	5,456	18,664
<b>Expenditures</b>					
Wages and benefits	-	-	-	1,100	-
Program operating costs	-	35,177	-	1,856	-
Capital outlay	-	-	-	-	-
Total expenditures	-	35,177	-	2,956	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	2,500	18,664
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	2,500	18,664
<b>Fund balance - July 1</b>	9	-	1,373	-	-
<b>Fund balance - June 30</b>	\$ 9	\$ -	\$ 1,373	\$ 2,500	\$ 18,664

**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, 2021

	Town ARPA grant Fund 2824	Animal control fund Fund 2826	LOCIP town garage grant Fund 2855	Resident assistance Fund 2860
<b>Assets</b>				
Cash	\$ -	\$ 23,658	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable	-	7	-	104
Inventories and prepaid items	-	-	-	-
Due from other funds	722,711	1,566	-	58,310
Total assets	722,711	25,231	-	58,414
<b>Liabilities</b>				
Accrued liabilities	-	2,434	-	-
Other liabilities	-	7	-	-
Due to other funds	-	-	-	-
Total liabilities	-	2,441	-	-
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	722,711	-	-	-
Committed	-	-	-	58,414
Assigned	-	22,790	-	-
Unassigned	-	-	-	-
Total fund balance	722,711	22,790	-	58,414
Total liabilities and fund balance	\$ 722,711	\$ 25,231	\$ -	\$ 58,414
<b>Revenues</b>				
Intergovernmental	\$ 722,711	\$ -	\$ 29,898	\$ -
Charges for services	-	1,451	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	14,312
Total revenues	722,711	1,451	29,898	14,312
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	45	-	692
Capital outlay	-	-	29,898	-
Total expenditures	-	45	29,898	692
Excess (deficiency) of revenues over (under) expenditures	722,711	1,406	-	13,620
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	722,711	1,406	-	13,620
<b>Fund balance - July 1</b>	-	21,384	-	44,794
<b>Fund balance - June 30</b>	\$ 722,711	\$ 22,790	\$ -	\$ 58,414

**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, 2021

	Open space Fund 2870	Conservation activities Fund 2873	Bentley memorial library Fund 2875	Recycling and refuse fund Fund 2955
<b>Assets</b>				
Cash	\$ 43,761	\$ -	\$ 39,665	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	2,500
Inventories and prepaid items	-	-	-	-
Due from other funds	17,223	3,676	-	7,500
Total assets	<u>60,984</u>	<u>3,676</u>	<u>39,665</u>	<u>10,000</u>
<b>Liabilities</b>				
Accrued liabilities	-	-	432	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>432</u>	<u>-</u>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	60,984	3,676	39,233	10,000
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>60,984</u>	<u>3,676</u>	<u>39,233</u>	<u>10,000</u>
Total liabilities and fund balance	<u>\$ 60,984</u>	<u>\$ 3,676</u>	<u>\$ 39,665</u>	<u>\$ 10,000</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	2,270	-	-
Interest income	59	-	21	-
Miscellaneous	701	-	2,471	2,500
Total revenues	<u>760</u>	<u>2,270</u>	<u>2,492</u>	<u>2,500</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	1,516	432	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>1,516</u>	<u>432</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>760</u>	<u>754</u>	<u>2,060</u>	<u>2,500</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	760	754	2,060	2,500
<b>Fund balance - July 1</b>	<u>60,224</u>	<u>2,922</u>	<u>37,173</u>	<u>7,500</u>
<b>Fund balance - June 30</b>	<u>\$ 60,984</u>	<u>\$ 3,676</u>	<u>\$ 39,233</u>	<u>\$ 10,000</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, 2021

	Town aid roads Fund 2963	Heritage farm Fund 2967	Recreation round Fund 2970	Reimbursable building fees Fund 2988
<b>Assets</b>				
Cash	\$ -	\$ 35,912	\$ 1,134	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	210	326
Inventories and prepaid items	-	-	-	-
Due from other funds	348,067	-	203,920	9,206
Total assets	<u>348,067</u>	<u>35,912</u>	<u>205,264</u>	<u>9,532</u>
<b>Liabilities</b>				
Accrued liabilities	4,290	-	9,335	6,543
Other liabilities	-	-	600	2,989
Due to other funds	-	-	-	-
Total liabilities	<u>4,290</u>	<u>-</u>	<u>9,935</u>	<u>9,532</u>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	343,777	-	-	-
Committed	-	35,912	195,329	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>343,777</u>	<u>35,912</u>	<u>195,329</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 348,067</u>	<u>\$ 35,912</u>	<u>\$ 205,264</u>	<u>\$ 9,532</u>
<b>Revenues</b>				
Intergovernmental	\$ 199,974	\$ -	\$ -	\$ -
Charges for services	-	-	52,564	-
Interest income	-	21	-	-
Miscellaneous	-	100	-	-
Total revenues	<u>199,974</u>	<u>121</u>	<u>52,564</u>	<u>-</u>
<b>Expenditures</b>				
Wages and benefits	-	-	82,865	-
Program operating costs	4,290	-	12,643	-
Capital outlay	16,393	-	-	-
Total expenditures	<u>20,683</u>	<u>-</u>	<u>95,508</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>179,291</u>	<u>121</u>	<u>-42,944</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	179,291	121	-42,944	-
<b>Fund balance - July 1</b>	<u>164,486</u>	<u>35,791</u>	<u>238,273</u>	<u>-</u>
<b>Fund balance - June 30</b>	<u>\$ 343,777</u>	<u>\$ 35,912</u>	<u>\$ 195,329</u>	<u>\$ -</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, 2021

	Special education excess costs Fund 2625	School lunch program Fund 2650	School educational grants Fund 2651	Totals
<b>Assets</b>				
Cash	\$ -	\$ 21,217	\$ 1,498	\$ 232,656
Investments	-	-	-	-
Accounts receivable	-	32,986	26,548	62,681
Inventories and prepaid items	-	6,581	13,860	20,441
Due from other funds	-	-	158,233	1,582,822
Total assets	-	60,784	200,139	1,898,600
<b>Liabilities</b>				
Accrued liabilities	-	-	19,826	42,860
Other liabilities	-	-	-	3,596
Due to other funds	-	13,706	29,008	42,764
Total liabilities	-	13,706	48,834	89,220
<b>Fund balance</b>				
Nonspendable	-	6,581	13,860	20,441
Restricted	-	40,497	138,407	1,297,802
Committed	-	-	-	469,309
Assigned	-	-	-	22,790
Unassigned	-	-	-962	-962
Total fund balance	-	47,078	151,305	1,809,380
Total liabilities and fund balance	\$ -	\$ 60,784	\$ 200,139	\$ 1,898,600
<b>Revenues</b>				
Intergovernmental	\$ 22,564	\$ 175,742	\$ 861,383	\$ 2,087,900
Charges for services	-	1,901	-	62,590
Interest income	-	-	-	137
Miscellaneous	-	-	27,496	66,244
Total revenues	22,564	177,643	888,879	2,216,871
<b>Expenditures</b>				
Wages and benefits	-	76,035	327,317	487,317
Program operating costs	22,565	98,894	472,899	685,623
Capital outlay	-	-	110,058	156,349
Total expenditures	22,565	174,929	910,274	1,329,289
Excess (deficiency) of revenues over (under) expenditures	-1	2,714	-21,395	887,582
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-1	2,714	-21,395	887,582
<b>Fund balance - July 1</b>	1	44,364	172,700	921,798
<b>Fund balance - June 30</b>	\$ -	\$ 47,078	\$ 151,305	\$ 1,809,380



**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, 2021

	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	1,540	924	188	907	5,558
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>1,540</u>	<u>924</u>	<u>188</u>	<u>907</u>	<u>5,558</u>
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>					
Nonspendable	835	500	100	500	3,000
Restricted	705	424	88	407	2,558
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>1,540</u>	<u>924</u>	<u>188</u>	<u>907</u>	<u>5,558</u>
Total liabilities and fund balance	<u>\$ 1,540</u>	<u>\$ 924</u>	<u>\$ 188</u>	<u>\$ 907</u>	<u>\$ 5,558</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	2	1	-	1	5
Miscellaneous	-	-	-	-	-
Total revenues	<u>2</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>5</u>
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>5</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2	1	-	1	5
<b>Fund balance - July 1</b>	<u>1,538</u>	<u>923</u>	<u>188</u>	<u>906</u>	<u>5,553</u>
<b>Fund balance - June 30</b>	<u>\$ 1,540</u>	<u>\$ 924</u>	<u>\$ 188</u>	<u>\$ 907</u>	<u>\$ 5,558</u>

**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, 2021

	Herrick library trust Fund 8200	Herrick park trust Fund 8200	Erna Loomis school trust Fund 5203	Totals
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	36,308	125,668	25,002	196,095
Accounts receivable	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>36,308</u>	<u>125,668</u>	<u>25,002</u>	<u>196,095</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	16,575	57,431	2	78,190
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>36,308</u>	<u>125,668</u>	<u>25,002</u>	<u>196,095</u>
Total liabilities and fund balance	<u>\$ 36,308</u>	<u>\$ 125,668</u>	<u>\$ 25,002</u>	<u>\$ 196,095</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest income	37	126	25	197
Miscellaneous	-	-	-	-
Total revenues	<u>37</u>	<u>126</u>	<u>25</u>	<u>197</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	-	-	697	697
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>697</u>	<u>697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37</u>	<u>126</u>	<u>-672</u>	<u>-500</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	37	126	-672	-500
<b>Fund balance - July 1</b>	<u>36,271</u>	<u>125,542</u>	<u>25,674</u>	<u>196,595</u>
<b>Fund balance - June 30</b>	<u>\$ 36,308</u>	<u>\$ 125,668</u>	<u>\$ 25,002</u>	<u>\$ 196,095</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, 2021

	Town capital reserve Fund 2960	School capital reserve Fund 3452	BHS construction project Fund 3482	BCS paving and sidewalks Fund 3482	BCS facilities improvements Fund 3482
<b>Assets</b>					
Cash	\$ -	\$ 485,707	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other funds	1,361,037	-	-	74,440	90,859
Total assets	<u>1,361,037</u>	<u>485,707</u>	<u>-</u>	<u>74,440</u>	<u>90,859</u>
<b>Liabilities</b>					
Accrued liabilities	30,701	281,994	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>30,701</u>	<u>281,994</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,330,336	203,713	-	74,440	90,859
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>1,330,336</u>	<u>203,713</u>	<u>-</u>	<u>74,440</u>	<u>90,859</u>
Total liabilities and fund balance	<u>\$ 1,361,037</u>	<u>\$ 485,707</u>	<u>\$ -</u>	<u>\$ 74,440</u>	<u>\$ 90,859</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	447,845	-	-	-
Interest income	-	265	-	-	-
Miscellaneous	44	-	-	-	-
Total revenues	<u>44</u>	<u>448,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	-	495,749	73	-	-
Capital outlay	1,112,595	-	-	22,989	-
Total expenditures	<u>1,112,595</u>	<u>495,749</u>	<u>73</u>	<u>22,989</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-1,112,551</u>	<u>-47,639</u>	<u>-73</u>	<u>-22,989</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,594,249	-	-	-	-
Transfers out	-266,030	-	-640,269	-	-
Bond issuance proceeds	-	-	-	-	-
Bond premium proceeds	-	-	-	-	-
Payments to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>1,328,219</u>	<u>-</u>	<u>-640,269</u>	<u>-</u>	<u>-</u>
Net change in fund balance	215,668	-47,639	-640,342	-22,989	-
<b>Fund balance - July 1</b>	<u>1,114,668</u>	<u>251,352</u>	<u>640,342</u>	<u>97,429</u>	<u>90,859</u>
<b>Fund balance - June 30</b>	<u>\$ 1,330,336</u>	<u>\$ 203,713</u>	<u>\$ -</u>	<u>\$ 74,440</u>	<u>\$ 90,859</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, 2021

	Town bond refunding Fund 3482	Town debt issuance costs Fund 3482	Town Heritage farm improvements Fund 3521	Town fire truck purchase Fund 3521	Totals
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 485,707
Investments	-	-	-	-	-
Due from other funds	-	3,565	37,650	3,896	1,571,447
Total assets	-	3,565	37,650	3,896	2,057,154
<b>Liabilities</b>					
Accrued liabilities	-	-	-	-	30,701
Due to other funds	-	-	-	-	281,994
Total liabilities	-	-	-	-	312,695
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	3,565	37,650	3,896	1,744,459
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	3,565	37,650	3,896	1,744,459
Total liabilities and fund balance	\$ -	\$ 3,565	\$ 37,650	\$ 3,896	\$ 2,057,154
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	447,845
Interest income	-	-	-	-	265
Miscellaneous	-	-	-	-	44
Total revenues	-	-	-	-	448,154
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	24,210	68,862	-	-	588,894
Capital outlay	-	-	-	-	1,135,584
Total expenditures	24,210	68,862	-	-	1,724,478
Excess (deficiency) of revenues over (under) expenditures	-24,210	-68,862	-	-	-1,276,324
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	1,594,249
Transfers out	-	-	-	-	-906,299
Bond issuance proceeds	2,690,000	-	-	-	2,690,000
Bond premium proceeds	99,175	72,427	-	-	171,602
Payments to bond escrow agent	-2,764,965	-	-	-	-2,764,965
Total other financing sources (uses)	24,210	72,427	-	-	784,587
Net change in fund balance	-	3,565	-	-	-491,737
<b>Fund balance - July 1</b>	-	-	37,650	3,896	2,236,196
<b>Fund balance - June 30</b>	\$ -	\$ 3,565	\$ 37,650	\$ 3,896	\$ 1,744,459

**Town of Bolton, Connecticut**  
 Schedule of debt limitation  
 Connecticut General Statutes, Section 7-374 (b)  
 For the year ended June 30, 2021

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 17,478,760
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>\$ 17,478,760</u></u>

<b>Debt limitation:</b>	General purposes	Schools	Sewers	Urban renewal	Pension deficit	Total Debt
2 1/4 times base	\$ 39,327,210	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	78,654,420	-	-	-	-
3 3/4 times base	-	-	65,545,350	-	-	-
3 1/4 times base	-	-	-	56,805,970	-	-
3 times base	-	-	-	-	52,436,280	-
7 times base	-	-	-	-	-	122,351,320
Total debt limitation	<u>39,327,210</u>	<u>78,654,420</u>	<u>65,545,350</u>	<u>56,805,970</u>	<u>52,436,280</u>	<u>122,351,320</u>
 <b>Indebtedness:</b>						
General obligation bonds:						
2017 issue	383,579	631,421	-	-	-	1,015,000
Advance refunding bonds:						
2017 issue	-	4,945,000	-	-	-	4,945,000
2021 issue	401,000	2,289,000	-	-	-	2,690,000
Notes payable	-	12,379	-	-	-	12,379
Capital leases payable	-	-	-	-	-	-
Overlapping debt:						
Bolton Lakes WPCA	-	-	4,629,429	-	-	4,629,429
Authorized but unissued debt	-	-	-	-	-	-
Total indebtedness	<u>784,579</u>	<u>7,877,800</u>	<u>4,629,429</u>	<u>-</u>	<u>-</u>	<u>13,291,808</u>
Debt limitation in excess of outstanding an authorized debt	<u><u>\$ 38,542,631</u></u>	<u><u>\$ 70,776,620</u></u>	<u><u>\$ 60,915,921</u></u>	<u><u>\$ 56,805,970</u></u>	<u><u>\$ 52,436,280</u></u>	<u><u>\$ 109,059,512</u></u>

**Town of Bolton, Connecticut**  
 Schedule of property taxes levied,  
 collections, and outstanding balances  
 For the year ended June 30, 2021

Grand list	Uncollected taxes 06/30/20	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2019	\$ -	\$ 17,483,374	\$ 26,976	\$ -71,346	\$ 17,439,004
2018	130,751	-	2,433	-3,636	129,548
2017	39,582	-	-	-439	39,143
2016	7,379	-	-	-	7,379
2015	5,263	-	-	-	5,263
2014	4,382	-	-	-	4,382
2013	1,475	-	-	-	1,475
2012	59	-	-	-	59
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	63	-	-	-	63
2008	197	-	-	-	197
2007	177	-	-	-	177
2006	-	-	-	-	-
2005	-	-	-	-	-
	<u>\$ 189,328</u>	<u>\$ 17,483,374</u>	<u>\$ 29,409</u>	<u>\$ -75,421</u>	<u>\$ 17,626,690</u>

**Town of Bolton, Connecticut**  
 Schedule of property taxes levied,  
 collections, and outstanding balances  
 For the year ended June 30, 2021

Grand list	Collections during the fiscal year				Total	Adjustments	Uncollected taxes 06/30/21
	Taxes	Interest	Lien fees				
2019	\$ 17,302,072	\$ 39,024	\$ 228		\$ 17,341,324	\$ -	\$ 136,932
2018	80,804	21,384	236		102,424	-3,833	44,911
2017	23,379	7,798	96		31,273	-1,140	14,624
2016	1,309	558	-		1,867	-953	5,117
2015	423	381	-		804	-100	4,740
2014	517	551	-		1,068	-52	3,813
2013	-	-	-		-	-	1,475
2012	-	-	-		-	-	59
2011	-	-	-		-	-	-
2010	-	-	-		-	-	-
2009	-	-	-		-	-	63
2008	-	-	-		-	-	197
2007	-	-	-		-	-	177
2006	-	-	-		-	-	-
2005	-	-	-		-	-	-
	<u>\$ 17,408,504</u>	<u>\$ 69,696</u>	<u>\$ 560</u>		<u>\$ 17,478,760</u>	<u>\$ -6,078</u>	<u>\$ 212,108</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 tie out to the property tax revenue balance on Statement D and Statement E. However, the following is a reconciliation of selected balances from this schedule to the amount shown on Statement D and Statement E. 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.

\$ 17,483,374	Current year taxes levied from page 68
69,696	Tax interest collections during the current fiscal year from above
560	Tax lien fee collections during the current fiscal year from above
1,295	Suspense collections during the current fiscal year
-6,078	Account balance adjustments as items transferred to suspense from above
-46,012	The net lawful corrections made during the current fiscal year from page 68
<u>-41,021</u>	The unearned tax revenue adjustment made as described in item number 2 on page 16
<u>\$ 17,461,814</u>	Property tax revenues per Statement D and Statement E

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 \$734 was collected on principle suspense tax balances owed and \$561 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

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

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*

Board of Finance  
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, 2021, 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 March 14, 2022, which contained unmodified opinions on the governmental activities and each major fund. An adverse opinion was issued on the discretely presented component unit financial statements of the Town of Bolton, Connecticut as it relates to the government-wide financial statement exclusion of the financial information of an entity determined to be a component unit. A qualified opinion was also issued on the aggregate remaining fund information financial statements of the Town of Bolton, Connecticut as it relates to the accounting for internal service fund activities. These modified opinions are described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the financial statements.

### 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.

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 a 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. A significant deficiency is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify five deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item numbers 2021-01 through 2021-05, that we consider to be significant deficiencies. We do not consider any of these significant deficiencies to be material weaknesses.

### 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 determination of financial statement amounts. 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 reportable instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.



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

The Town of Bolton, Connecticut's responses to the findings identified in our audit are 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 them.

### **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 result 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 J. Hopkins, CPA, PC*

Scarborough, Maine  
March 14, 2022

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs  
June 30, 2021

**2021-01 - Town accounting policies and policies and procedures manual**

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.

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 - 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 January 2020. It would appear as though this is when the manual was completed and Board of Selectmen meeting minutes were provided where a newly drafted Financial Policy Manual was approved as dated April 7, 2020. 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. However, during our review we were unable to determine who actually prepared the manual, under what authority or direction the manual was prepared and whether any of the governing boards of the Town and School had any input in the preparation or approval of the document. The aforementioned Board of Selectmen meeting minutes approving the manual did reference a subcommittee which may have been responsible for preparing the manual though no reference could be found in the manual itself.

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 Chief Financial Officer 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 Chief Financial Officer. 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." Unfortunately this section does not indicate who is responsible for these revenue and expenditure reviews or an adequate manner in which they should be documented. In the absence of any documentation guidance it would be difficult to determine whether the procedures had been completed and whether they had been 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 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."

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2021

**2021-01 - Town accounting policies and policies and procedures manual (continued):**

Conditions (continued):

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:

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.

Effect:

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:

We are unaware of the steps that were taken in preparing this policies and procedures manual and the extent to which the town and school finance offices were involved in this process. 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.

Recommendation:

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, 2021

**2021-02 - Student activity fund cash accounts fiduciary and non-fiduciary activity and balances**

Criteria:

The Board of Education administers student activity fund cash accounts which are designed to account for the financial activity and balances of a number of different student groups rather than requiring each different student group to have its own cash account and process its own financial activity. These student activity fund cash accounts are fiduciary in nature as the revenues, expenditures and remaining balances do not belong to the Board of Education but rather belong to the different student groups. Revenues are collected by the different student groups and these funds are forwarded to the individual responsible for the student activity fund cash account for deposit and recording. Withdrawal requests and the associated invoices are also forwarded to the individual responsible for the student activity fund cash account so that the checks can be written, signed and disbursed. Given the number of different student group accounts within each student activity fund and the material cash balances and amount of cash transactions, it is important that an adequate system of internal controls be in place to ensure that these funds are correctly accounted for and that the underlying assets are being safeguarded.

Condition:

The Board of Education accounts for certain revenues and expenditures that are not fiduciary in nature within the student activity fund cash accounts. Fiduciary funds should be used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the Town or the Board of Education's own programs. These non fiduciary funds which are being accounted for within the fiduciary accounts maintained by the Board of Education represent funds that do not belong to others and therefore can and are used to support the Board of Education's own programs. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context and effect:

This policy and these funds are in contrast to the policy of the Town in that all town department related revenues are deposited into the general fund to fund the activities and expenditures of the Town as a whole. Program revenue in relation to fees, charges for services and other miscellaneous amounts collected by Town departments are not allowed to increase the amount of budgeted expenditures which in effect is the nature of these non fiduciary funds administered by the Board of Education.

Cause:

This Board of Education practice of accounting for both fiduciary and non fiduciary funds within the student activity fund cash accounts would appear to be a practice that has been in place for a number of years.

Recommendation:

We recommend that all non fiduciary accounts be recorded in accordance with the general policy of the Town with any variation on this policy being accepted by the Board of Selectmen of the Town. One variation that the Town could explore would be requiring the Board of Education to create and submit a listing of all non fiduciary activities and receipts taken in and accounted for within the student activity fund cash accounts and the related expenditures funded by these receipts. The Board of Selectmen could then vote to approve the balances of these non fiduciary funds to carry from year to year and be accounted for within the annual financial statements as non-major special revenue funds. This would not significantly change how the funds are accounted for within the student activity fund cash accounts but would simply change their accounting and presentation within the annual financial statements.

Views of responsible officials and planned corrective actions:

To address this issue, the Board of Selectmen Finance and Administration Subcommittee is currently working on the development of a fund based on information from the Board of Education. It is expected that this process will be finalized at some point during the upcoming fiscal year.

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2021

**2021-03 - The classification of a worker as an employee, independent contractor or consultant**

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.

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.

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2021

**2021-03 - The classification of a worker as an employee, independent contractor or consultant (continued)**

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.

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 his concerns as outlined above. Though we do feel as though the worker has been correctly classified as a consultant, we do see the advantage of receiving an official determination from the IRS and as such we do intend on completing and submitting the above referenced IRS Form SS-8 as time may allow during the upcoming fiscal year.

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2021

**2021-04 - Internal control over compliance with the provisions of the Town Bid Ordinance**

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 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. Section 3 states, "Before any department, commission, officer or employees of the Town or Board of Education shall make any expenditure or purchase of a piece of equipment or enter into a contract for services 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. All notices for bids shall be advertised in a newspaper having circulation in the Town of Bolton." While Sections 1 and 2 of the bid ordinance do allow for a waiver of the bidding requirements, Section 3 of the bid ordinance does not contain an option for waiving the bidding requirements.

As part of the current fiscal year audit, a contract for consulting services was provided which included an up to average of twenty-eight (28) hours per week and a rate of \$65 per hour. The resulting value of this contract, if the up to average hours per week are met, would exceed the aforementioned dollar threshold outlined in Section 3 of the Town bid ordinance and as such would require a competitive sealed bidding process. The originally provided contract for these consulting services was for a five year period which ran from July 1, 2016 through June 30, 2021. The contract which was provided as part of the current fiscal year audit had been revised prior to the end of the 2018 fiscal year which extended the agreement for an additional five year period through June 30, 2026. We were unable to determine nor were we provided with any information showing that a competitive sealed bidding process was followed when this originally provided consulting contract was extended for an additional five year period. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context, effect and cause:

A competitive sealed bidding process is usually accompanied by a specific request for proposal which includes the parameters under which the prospective purchase of goods or contracted services will be governed. The process is designed to find qualified individuals or firms for which a contract will be entered into for these goods or contracted services which is in the best interest of the Town.

We were unable to determine why the originally provided contract for these consulting services was extending without the competitive sealed bidding process requirements of Section 3 of the Town bid ordinance being followed. It would seem possible, though not specifically addressed, that the intent of the Town bid ordinance is to be applied only to the purchase of goods or contracted services which include a fixed rate fee in excess of the dollar thresholds included in each section of the ordinance rather than hourly rate related contracted services which may or may not be expected to exceed these dollar thresholds.

Recommendation:

We recommend that the Town consider adding additional language in its current bid ordinance that would specifically address whether and to what extent the ordinance would be applicable to hourly rate contracts. In addition, we recommend that a system of internal controls be designed and implemented to ensure that all of the purchases of goods or contracted services that may fall within the dollar thresholds of Sections 1 through 3 of the Town bid ordinance follow the specific requirements of each section and that the process is adequately documented.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand the recommendations as outlined above. We intend to consider the wording and intent of the current Town bid ordinance to determine whether any changes should be made and in turn whether any additional internal controls over this ordinance should be designed and implemented.

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2021

**2021-05 - Internal control over compliance with the provisions of the Town Charter**

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 most recent revision of the Town Charter was adopted on November 4, 2008 and was effective on July 1, 2009. 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 Board of Finance 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 Board of Finance, 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 \$20,000."

Section 8.6 (C) 4 states: "The Board of Finance may approve, lower or reject, but may not increase the amount of any supplemental appropriation upon which it is acting. The Board of Finance 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 Board of Finance shall pass on to a Special Town Meeting for final action, supplemental appropriations exceeding \$20,000 and supplemental appropriations of less than \$20,000 which, when added to supplemental appropriations previously approved in the current fiscal year for a particular commission, board, agency or office, exceed \$20,000."

During its regular meeting on May 4, 2021, the Board of Selectmen approved a transfer to be made from the professional and technical services administration line item in the amount of \$40,000 and from the highway regular payroll line item in the amount of \$35,000 to the employment separation fund. During a special meeting on May 10, 2021, the board of Selectmen approved transferring up to \$55,000 to the fire department for major engine repairs. The amount that was ultimately needed for the repairs and in turn the amount that was transferred into the fire department was \$40,000. The amount of these transfers were in effect supplemental appropriations and as such would need to follow the provisions of section 8.6 of the aforementioned Town Charter. We were unable to find nor were we provided with information showing that the above supplemental appropriations were acted upon by the Board of Finance and passed along to a special town meeting for approval in accordance with section 8.6 (C) 5. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context, effect and cause:

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 board of finance 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 grand list value of the Town would relate to transfers in excess of \$20,000 which is the amount included in section 8.6 of the Town Charter.



**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
June 30, 2021

**2021-05 - Internal control over compliance with the provisions of the Town Charter (continued)**

Context, effect and cause (continued):

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 Board of Finance 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 Board of Finance 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 three 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.

In addition, the Board of Selectmen did establish an employment separation fund in accordance with state statute section 7-148 (c)(2)(k) as adopted May 3, 2016 and as revised May 8, 2018. Item 4 of this adopted fund states, "There shall be deposited in such Fund, all monies transferred to it from the Town government budget for use as provided in paragraph one, above. Contributions (amount and timing thereof) shall be determined by the Board of Selectmen annually. The Selectmen may delegate to the Administrative Officer or a duly authorized individual the authority to make the contributions (amount and timing)." In reviewing this state statute section we were unable to find any reference stating that the intent or the result of the creation of a special fund in accordance with this section would allow a municipality to bypass certain sections of an approved town charter in this case for example the approval process for supplemental appropriations. In addition, item 4 of this adopted fund does not mention a dollar amount in which the Board of Selectmen can contribute or make transfers or supplemental appropriations to the fund. As a result, it would seem reasonable that the approval process for supplemental appropriations outlined in section 8.6 of the Town Charter would then be applicable to any such supplemental appropriations in excess of \$20,000.

We were unable to determine the exact cause or reason why the three aforementioned supplemental appropriations were not acted upon by the Board of Finance and passed along 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 \$20,000. In addition, we recommend that the Town consider including an appropriation amount within the annual budget document in relation to contributions to the employment separation fund. The Town currently includes an appropriation amount to the "rainy day" general fund balance reserve in the annual budget document that takes this amount out of the prior fiscal year cash surplus available for appropriation before the amount is used to fund a portion of the current year budgeted town expenditures. The employment separation fund is account for as a committed general fund balance amount and therefore it would seem reasonable to fund it in a similar manner to the "rainy day" general fund balance reserve.

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 item 4 of the adopted employment separation fund does allow the Board of Selectmen to provide supplemental appropriations as contributions to the fund on an annual basis in any amount that may at times be in excess of the parameters of section 8.6 of the approved Town Charter without needing the approval of either the Board of Finance or a special town meeting.

# Stephen T. Hopkins, CPA, PC

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## Auditing, Accounting, and Consulting Services

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### Independent Auditors Report on Compliance for each major state program and Internal control over compliance and the Schedule of expenditures of state financial assistance required by the State Single Audit Act

Board of Finance  
Board of Selectmen  
Town of Bolton, Connecticut

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

We have audited the Town of Bolton, Connecticut's compliance with the types of compliance requirements described 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, 2021. 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.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Bolton, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Bolton, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Bolton, Connecticut's compliance.

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

In our opinion, the Town of Bolton, Connecticut, complied, in all material respects, with the types of 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, 2021.

#### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with those requirements in the form of a questioned cost relating to a non-major state program, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item number 2021-01S. Our opinion on each major state program is not modified with respect to this matter.

The Town of Bolton, Connecticut's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Bolton, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the Town of Bolton, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bolton, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bolton, Connecticut's 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2021, 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 March 14, 2022, which contained unmodified opinions on the governmental activities and each major fund. An adverse opinion was issued on the discretely presented component unit financial statements of the Town of Bolton, Connecticut as it relates to the government-wide financial statement exclusion of the financial information of an entity determined to be a component unit. A qualified opinion was also issued on the aggregate remaining fund information financial statements of the Town of Bolton, Connecticut as it relates to the accounting for internal service fund activities. These modified opinions are described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the 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 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  
March 14, 2022

**Town of Bolton, Connecticut**  
Schedule of expenditures of state financial assistance  
For the year ended June 30, 2021

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
<b><u>Office of Policy and Management:</u></b>		
Payment in lieu of taxes (PILOT) on state owned property	11000-OPM20600-17004	\$ 24,288
Disabled program	11000-OPM20600-17011	706
Property tax relief for veterans	11000-OPM20600-17024	3,031
Local capital improvement	12050-OPM20600-40254	29,898
Municipal purposes & projects	12052-OPM20600-43587	24,859
<b><u>Department of Education:</u></b>		
Talent development	11000-SDE64370-12552	1,506
Sheff settlement	11000-SDE64370-12457	61,400
Child nutrition program	11000-SDE64370-16211	2,525
Healthy foods initiative	11000-SDE64370-16212	4,704
Adult education	11000-SDE64370-17030	4,683
School breakfast program	11000-SDE64370-17046	5,431
Open choice program	11000-SDE64370-17053	402,605
<b><u>Connecticut State Library:</u></b>		
Connecticard grant	11000-CSL66051-17010	-
<b><u>Department of Transportation:</u></b>		
Bus operations	12001-DOT57931-12175	11,494
Town aid road grants - Municipal	12052-DOT57131-43455	10,342
Town aid road - STO	13033-DOT57131-43459	10,341
<b><u>Department of Environmental Protection:</u></b>		
Small town economic assistance program (STEAP)	12052-DEP43720-40531	35,177
<b><u>Other Departments miscellaneous awards:</u></b>		
FAD - Temporary holding account	34003-DAS23920-42350	762
Non-budgeted operating appropriations	34001-JUD95162-40001	500
Total State Financial Assistance before exempt programs		<u>\$ 634,252</u>

**Town of Bolton, Connecticut**  
Schedule of expenditures of state financial assistance (continued)  
For the year ended June 30, 2021

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
Exempt Programs		
<b><u>State Department of Education:</u></b>		
Education equalization grants program 82010	11000-SDE64370-17041	\$ 2,683,208
Special Education excess costs	11000-SDE64370-17047	22,565
<b><u>Office of Policy and Management:</u></b>		
Mashantucket Pequot Grant	12009-OPM20600-17005	3,244
Municipal stabilization grant	11000-OPM20600-17104	11,053
Total Exempt Programs		2,720,070
Total Expenditures of State Financial Assistance		\$ 3,354,322

**Town of Bolton, Connecticut**  
Notes to Schedule of expenditures of state financial assistance  
For the year ended June 30, 2021

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, 2021. 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 education, transportation, tax relief, and library 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 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 sub-recipients**

There were no awards passed through to sub-recipients by the Town of Bolton, Connecticut for the year ended June 30, 2021.

**Town of Bolton, Connecticut**  
 Schedule of findings and questioned costs  
 For the year ended June 30, 2021

**I. Summary of Audit Results**

**Financial Statements:**

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

**State Financial Assistance:**

Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>		
Internal control over major programs:			
• Material weakness (es) identified?	<u>          </u>	yes <u>    X    </u>	no
• Significant deficiency (ies) identified?	<u>          </u>	yes <u>    X    </u>	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?	<u>    X    </u>	yes <u>          </u>	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 \$634,252, 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 one Type A program 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 three 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 programs of the Town to determine whether they 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 one Type A program was determined to be high-risk and therefore was audited as a major program. The three Type B programs of the Town for which a risk assessment was required were not determined 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 \$634,252. The program tested as major and shown below represent approximately 63% of the total non-exempt state financial assistance expended.

<u>State grantor and program</u>	<u>State grant program Core-CT number</u>	<u>Expenditures</u>
Open choice program	11000-SDE64370-17053	\$ <u>402,605</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, 2021

**II. Financial Statement Findings**

- We issued our report, dated March 14, 2022, 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 five significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs labeled as item numbers 2021-01 through 2021-05 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**

**2021-01S - Questioned costs**

Grantor: State Department of Transportation

State program name: Town aid road grants - Municipal & Town aid road - STO

State grant program CORE-CT number: 12052-DOT57131-43455 & 13033-DOT57131-43459

Criteria:

The town aid road grants program provides formula grants to municipalities for maintaining a viable infrastructure of local roads and highways and furnishes technical assistance for the construction, improvement, and maintenance of highways and bridges. The uses of funds under the town aid road grants program is more specifically outlined in Sections 13a-175a through e and i, CGS). Subsection a of Section 13a-175a states in part that funds are, "to be used by the towns for construction, reconstruction, improvement or maintenance of highways, sections of highways, bridges or structures incidental to highways and bridges or the improvement thereof, including the plowing of snow, the sanding of icy pavements, the trimming and removal of trees, the installation, replacement and maintenance of traffic signs, signals and markings, and for traffic control and vehicular safety programs, traffic and parking planning and administration, and other purposes and programs related to highways, traffic and parking, and for the purposes of providing and operating essential public transportation services and related facilities." Subsection b of Section 13a-175a also states, "Notwithstanding the provisions of subsection (a) of this section, the Secretary of the Office of Policy and Management, in the secretary's discretion, may approve the use of funds by a town for purposes other than those enumerated in said subsection (a)."

Condition:

During the current fiscal year, the Town used town aid road grant funds towards the construction costs of a new public works garage. The statute section outlined in the above criteria section of the finding makes reference to the use of funds for either structures incidental to highways and bridges or facilities related to providing and operating essential public transportation services. We were unable to find any specific definition of the word incidental within the above referenced state statute sections. One definition that was found outside of the aforementioned state statute sections was, "occurring merely by chance or without intention or calculation." We are questioning the use of these town aid road grant funds towards the construction costs of a new public works garage as it does not seem to be a structure "incidental" to highways and bridges based on the aforementioned definition nor does it seem to be a facility related to providing and operating essential public transportation. In addition, we were not provided with any documentation of an approval from the Secretary of the Office of Policy and Management relating to the use of these town aid road grant funds for purposes other than those enumerated in subsection (a) in accordance with subsection (b).

Questioned costs:

The costs which are being questioned in relation to this finding total \$16,393 and relate directly to one specific invoice posted in full and one invoice posted as a partial amount to the Town trial balance fund which is used to account for town aid road grant funds.



**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
For the year ended June 30, 2021

**III. State Financial Assistance Findings and Questioned Costs (continued)**

**2021-01S - Questioned costs (continued)**

Context and effect:

During the current fiscal year the town incurred expenditures relating to town aid road grant funds in the amount of \$20,683 with \$16,393 representing the amount of current fiscal year questioned costs and \$4,290 representing current fiscal year expenditures which appear to have been made in accordance with Section 13a-175a. This item of questioned costs would appear to be an isolated instance of perceived noncompliance. In testing other items in relation to state compliance, no other material or other items were noted.

Cause and recommendation:

It would appear as though the cause of this finding is simply the fact that the Town is of the opinion that town aid road grant funds being used towards the construction costs of a new public works garage do fall within the acceptable uses of the funds in accordance with Section 13a-175a.

We recommend that in future instances where the approved uses of specific state grant funds do not specifically include a description or item related to the intended uses of those funds by the Town, that the Town request a specific written approval for the intended use from the applicable funding source.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do understand his concerns in relation to the use of these funds. However, we do believe that the use of these town aid road grant funds towards the construction costs of a new public works garage do fall within the acceptable uses of the funds in accordance with Section 13a-175a and therefore we do not believe that any corrective action in relation to this finding is needed.

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

- Financial Statement Findings:

**Finding No. 2020-01**

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 2021-01.

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

**Finding No. 2020-02**

Condition - The Board of Education accounts for certain revenues and expenditures that are not fiduciary in nature within the student activity fund cash accounts.

Current Status - This finding was not corrected and is included as current fiscal year finding 2021-02.

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

**Town of Bolton, Connecticut**  
Schedule of findings and questioned costs (continued)  
For the year ended June 30, 2021

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

- Financial Statement Findings (continued):

**Finding No. 2020-03**

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 was unable to provide a copy of the submitted form and response from the IRS and as a result it would appear as though this finding was not corrected and as such is included as current year finding 2021-03.

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

- State Program Findings:

**Finding No. 2020-01S - Questioned costs**

Grantor: State Department of Transportation

State program name: Town aid road grants - Municipal & Town aid road - STO

State grant program CORE-CT number: 12052-DOT57131-43455 & 13033-DOT57131-43459

Condition - The expenditures related to the above noted State Department of Transportation Town aid road grants program included questioned costs relating to their acceptable uses in accordance with Sections 13a-175a through e and i, CGS.

Current Status - The Town was unable to provide any correspondence from the State Department of Transportation or any other State Department in relation to this reported questioned cost. This finding will not be included as a current year finding as it related to specific testing which was performed during the prior fiscal year. However, a current year finding will be included for current fiscal year questioned costs related to the above noted State Department of Transportation Town aid road grants program. Though this program was not determined to be a major state program for testing purposes, it was tested in relation to an evaluation of this prior year finding at which time a current year finding was determined and is being reported as finding 2021-01S.

Planned Corrective Action - As noted in the prior fiscal year finding, the Town feels that the use of these town aid road grant funds does fall within the acceptable uses of the funds in accordance with Section 13a-175a and therefore the Town felt that no corrective action was needed.