

Town of Bolton, Connecticut

State Compliance Audit

June 30, 2015

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

Town of Bolton, Connecticut

June 30, 2015

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Stephen T. Hopkins, CPA, PC

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, 2015, 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 controls 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 controls. 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

The financial statements do not include the financial information of an entity determined to be a component unit. 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 State 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, liabilities, net position, revenues and expenses of this discretely presented component unit 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, 2015, 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.

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, each major fund, and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of June 30, 2015, 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 schedule of proportionate share of the net pension liability 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 property taxes levied, collections and outstanding balances, the schedule of debt limitation, 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 property taxes levied, collections and outstanding balances, the schedule of debt limitation, and the schedule of expenditures of state financial assistance as required by the State Single Audit Act 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 29, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bolton, Connecticut’s internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC

Stephen J. Hopkins, CPA, PC

Scarborough, Maine
March 29, 2016

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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 \$33,472,667 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$33,091,820. This represents a favorable increase of \$380,847 or approximately 1.15%
- 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 \$31,326,537 (93.59% of total net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$31,024,430 (93.75% of total net position). This represents an increase of \$302,107 or approximately .97% which is the result of a decrease in the related debt of \$687,350, current year depreciation in the amount of \$1,589,250, and current year cash capital asset additions in the amount of \$1,204,007.
- The Town's restricted net position is used to account for funds received with constraints imposed by grantors and contributors. This net position balance *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 \$726,316 (2.17% of total net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$736,622 (2.23% of total net position). This represents a decrease of \$10,306 or approximately 1.40%. This increase 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 5.
- The Town's unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Town was \$1,419,814 (4.24% of total net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$1,330,768 (4.02% of total net position). This represents a favorable increase of approximately 6.69%. 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. Therefore, the change in this balance is a direct correlation of the changes in the other two components.
- The Town's total revenues for its governmental activities were \$23,500,704 for the current fiscal year. This compares to the prior fiscal year balance of \$23,616,966. This represents a slight decrease of \$116,262 or approximately .49%. The Town's total expenses for its governmental activities were \$23,119,857 for the current fiscal year. This compares to the prior fiscal year balance of \$22,537,966. This represents an increase of \$581,891 or approximately 2.58%. These changes in revenues and expenses from the prior fiscal year to the current fiscal year are simply an accumulation of increases and decreases in departmental and individual line item expenses. Additional information on this item can be seen on the revenue and expense comparison on page 6 and the budget to actual statement on pages 16 and 17.

Using this annual report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of net position and the Statement of activities which are shown on pages 10 and 11 and which provide information about the activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance sheet and the Statement of revenues, expenditures, and changes in fund balances which are shown on pages 12 and 14 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. Budget to actual information is reported in these fund financial statements for the general fund on pages 16 and 17. 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 18 through 20. The proprietary activities of the Town are accounted for within an internal service fund which is used to account for the self funding dental plan of the Town. The remaining statement provides financial information about activities for which the Town acts solely as a trustee or agent for the benefit of groups outside of the Town. This statement reports the fiduciary activities of the Town of which the Town only operates in an agency fund capacity which can be found on page 21.

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2015

Reporting the Town as a whole

Our analysis of the Town as a whole begins on page 10 with the Statement of net position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal 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, community services, building planning and zoning services, sanitation and waste services, education, and other programs and activities. Property taxes, charges for services, State and Federal operating and capital grants and other funding, and other miscellaneous revenues finance most of these activities in whole or in part.

Reporting the Town's most significant funds

Our analysis of the Town's major funds begins on page 12 with the Balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of 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 18 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, 2015

The Town as a trustee

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used by the Town to report assets held in a trustee or agency capacity for other groups and therefore cannot be used to support the Town's own programs. The type of fiduciary funds for which the Town is the trustee are agency funds. Agency funds are used by the Town to report resources held by the Town or resources under the tax identification number of the Town and the Board of Education. These resources are held in a purely custodial capacity in which assets equal liabilities. These funds are typically characterized by the receipt, temporary investment, and remittance of the fiduciary resources of other individuals, student groups, private organizations, or other governments. Town agency funds consist of different types of building, planning and zoning bonds being held by the Town until certain requirements have been met by either the individual or company as well as rental escrow funds. The Board of Education fiduciary funds consist of student activity accounts.

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 2.22 to 1 compared to the end of the prior fiscal year when the current ratio was 2.03 to 1. This current and prior fiscal year ratio is considered strong. Another indication of the Town's ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current liabilities from the current assets. As of the end of the current fiscal year the Town's positive working capital balance was \$2,185,817. This compares to the prior fiscal year positive balance of \$2,174,505. This represents a slight favorable increase of approximately .52%.

	Governmental Activities		Percentage of Total	
	2015	2014	2015	2014
Current assets	\$ 3,981,390	\$ 4,279,997	8.24%	8.77%
Other assets	862,824	686,315	1.78%	1.41%
Capital assets	43,478,859	43,864,102	89.98%	89.82%
Total assets	<u>48,323,073</u>	<u>48,830,414</u>	<u>100.00%</u>	<u>100.00%</u>
Current and other liabilities	1,795,573	2,105,492	12.09%	13.38%
Long-term liabilities outstanding	13,054,833	13,633,102	87.91%	86.62%
	<u>14,850,406</u>	<u>15,738,594</u>	<u>100.00%</u>	<u>100.00%</u>
Net position:				
Net Investment in capital assets	31,326,537	31,024,430	93.59%	93.75%
Restricted	726,316	736,622	2.17%	2.23%
Unrestricted	1,419,814	1,330,768	4.24%	4.02%
	<u>\$ 33,472,667</u>	<u>\$ 33,091,820</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net position:				
Expendable:				
Educational grants and programs	\$ 100,261	\$ 78,679		
Town grants and programs	32,965	64,786		
Bentley memorial library funds	30,149	29,185		
Recreation round fund	157,313	136,637		
Non-principal portion of permanent funds	200,792	200,819		
	<u>521,480</u>	<u>510,106</u>		
Non-expendable:				
Non-USDA Inventory	1,205	739		
Prepaid expenses	10,452	32,747		
Principal portion of permanent funds	193,179	193,030		
	<u>204,836</u>	<u>226,516</u>		
	<u>\$ 726,316</u>	<u>\$ 736,622</u>		

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2015

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 estimate the amount and percentage of total Town expenditures actually financed by the general revenues of the Town. The capital grants and contributions revenue amounts when present are not included in the calculation of the expenses actually financed by the general revenues due to the fact that the majority of the expenses relating to these capital grants and contributions are capitalized as capital assets and therefore the expenses for these items would not be shown below. This amount and percentage is shown at the bottom of this schedule and can be used to give the reader an indication of how the Town's activities were financed during the current fiscal year. The expenses shown below indicates the general make-up of the Town's spending by department and as a percentage of total spending.

	Governmental Activities		Percentage of Total	
	2015	2014	2015	2014
Program revenues				
Charges for services	\$ 1,253,807	\$ 1,347,314	5.34%	5.70%
Operating grants and contributions	6,582,777	6,130,836	28.01%	25.96%
Capital grants and contributions	123,975	-	0.53%	-
General revenues				
Property taxes, interest, and liens	15,236,257	15,001,903	64.83%	63.52%
State property tax relief revenues	78,903	76,485	0.34%	0.32%
Other unclassified state revenues	43,923	41,391	0.19%	0.18%
Interest and dividends	12,152	41,341	0.05%	0.18%
Miscellaneous	168,910	977,696	0.71%	4.14%
Total revenues	<u>23,500,704</u>	<u>23,616,966</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses				
General government	2,668,752	2,612,372	11.54%	11.59%
Public works	868,370	751,905	3.76%	3.34%
Public safety	555,543	514,505	2.40%	2.28%
Building planning and zoning	204,802	177,462	0.89%	0.79%
Community services	604,236	565,382	2.61%	2.51%
Sanitation and waste	460,152	456,942	1.99%	2.03%
Education	15,219,926	15,175,998	65.83%	67.34%
Education - on behalf	1,718,069	1,638,441	7.43%	7.27%
Unclassified	212,204	20,667	0.92%	0.09%
Capital outlay	-	-	-	-
Depreciation	230,334	222,898	1.00%	0.99%
Debt service:				
Interest	377,469	401,394	1.63%	1.77%
Total expenses	<u>23,119,857</u>	<u>22,537,966</u>	<u>100.00%</u>	<u>100.00%</u>
Change in net position	380,847	1,079,000		
Net position - July 1	<u>33,091,820</u>	<u>32,012,820</u>		
Net position - June 30	<u>\$ 33,472,667</u>	<u>\$ 33,091,820</u>		
Expenses financed by general revenues:				
Total expenses	\$ 23,119,857	\$ 22,537,966		
Less charges for services	-1,253,807	-1,347,314		
Less operating and capital grants and contributions	-6,706,752	-6,130,836		
	<u>\$ 15,159,298</u>	<u>\$ 15,059,816</u>	<u>65.57%</u>	<u>66.82%</u>

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2015

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 1L on page 27 and note 5 on page 34.

	Governmental Activities		Percentage of total	
	2015	2014	2015	2014
Land and improvements	\$ 4,365,884	\$ 4,365,884	6.92%	7.05%
Buildings and improvements	42,002,708	41,822,745	66.54%	67.52%
Vehicles	3,460,037	3,373,365	5.48%	5.45%
Equipment	1,476,746	975,502	2.34%	1.57%
Infrastructure	11,819,289	11,403,427	18.72%	18.41%
Total historical cost	<u>63,124,664</u>	<u>61,940,923</u>	<u>100.00%</u>	<u>100.00%</u>
Less accumulated depreciation	<u>-19,645,805</u>	<u>-18,076,821</u>		
Total capital assets (net)	<u>\$ 43,478,859</u>	<u>\$ 43,864,102</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 C on page 66. 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 as well as the incursion of two new notes payable and one new capital lease payable. More detailed information on Town debt can be found in note 6 starting on page 35.

	Governmental Activities		Percentage of total	
	2015	2014	2015	2014
Outstanding payables:				
Portion due within one year	\$ 855,643	\$ 809,586	6.15%	5.61%
Portion due after one year	11,296,679	12,030,086	81.21%	83.29%
Other liabilities:				
Unamortized bond premiums	90,910	96,730	0.65%	0.67%
Accrued compensated balances - school	25,318	16,277	0.18%	0.11%
Accrued compensated balances - town	291,536	263,464	2.10%	1.80%
Other post employment benefits	1,350,390	1,226,545	9.71%	8.52%
Total debt	<u>\$ 13,910,476</u>	<u>\$ 14,442,688</u>	<u>100.00%</u>	<u>100.00%</u>

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2015

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

Financial highlights - Fund financial statements

- The total assets of the Town's governmental funds exceeded the total liabilities by \$4,133,507 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$3,760,454, a favorable increase of \$373,053 or approximately 9.92%. This favorable increase is due in large part to the increase in the general fund of \$78,515 and the non-major governmental funds of \$226,284.
- The total revenues of the Town's governmental funds were \$23,682,976 for the current fiscal year in comparison to \$23,604,029 in the prior fiscal year. This represents a slight increase of \$78,947 or approximately .33%. This slight increase is made up of a number of individual line item increase and decreases from an increase in property tax revenues of \$236,765, to an increase in intergovernmental education revenue of \$258,240, to an increase in intergovernmental other revenue of \$443,736 to a decrease in the recorded miscellaneous revenues of (\$819,144). The increase in tax revenues relates to a higher tax commitment and the increase in intergovernmental other revenues related to a new fire safety grant in the amount of \$123,975 and other miscellaneous grant receipts. The large decrease in miscellaneous revenues relates to the prior fiscal year receipt of revenues related to the establishment of the cemetery activity fund in the amount of \$860,463. The total expenditures of the Town's governmental funds were \$23,460,746 for the current fiscal year in comparison to \$22,588,268 in the prior fiscal year. This represents an increase of \$872,478 or approximately 3.86%. This increase is made up of a number of individual expenditure account increases and decreases including an increase in education expenditures of \$337,930, an increase in state on-behalf expenditures relating to the States retirement contribution on-behalf of board of education employees of \$79,628 and a decrease in capital outlay expenditures of (\$127,264).
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was a positive \$78,515 for the current fiscal year in comparison to a positive \$134,289 for the prior fiscal year. This represents an unfavorable decrease and relates in part to the following selected budgetary highlights from the current and prior fiscal year.
- The actual revenues received in the Town's general fund were \$179,643 higher than the budget revenues for the current fiscal year which is a favorable variance in comparison to \$237,669 higher for the prior fiscal year which was also a favorable variance. During the current fiscal year the actual intergovernmental other revenues recorded were \$33,634 higher then the budgeted amount while the actual education tuition revenue amount recorded was (\$16,131) lower then the budgeted amount. The recorded property tax revenues amount was \$160,698 higher then the budgeted amount in comparison to \$129,129 higher for the previous year. The actual program expenditures in the Town's general fund were \$768,700 lower than the adjusted budgeted expenditures for the current fiscal year which is a favorable variance in comparison to \$768,794 lower than the adjusted budgeted expenditures for the prior fiscal year which was also a favorable variance. This current fiscal year under expenditure can be attributed in large part to refuse services which was \$39,376 under the adjusted budget amount, senior citizens which was \$35,931 under the adjusted budget amount, education expenditures which were \$304,555 under the unadjusted budget amount and short-term borrowing repayments which was \$250,010 under the budgeted amount.
- In the current fiscal year the Town budgeted to utilize \$611,544 of its general unassigned fund balance to offset current year expenditures. 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 \$627,192 of its general unassigned fund balance in a similar manner. 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.
- The Board of Education of the Town received approximately \$1,332,368 in grant dollars from a number of sources including State grant funds and Federal pass-through grant funds to assist in a number of educational programs, from improving basic programs to enhancing education through technology. This balance was made up entirely of grant dollars recorded within the non-major special revenue funds of the Town. This compares to approximately \$1,118,902 in the prior fiscal year. This increase is due in large part to the open choice grant received by the Board of Education for which the recorded revenue increased from \$342,259 in the prior fiscal year to \$562,735 in the current fiscal year. These revenue amounts represent the amounts recorded by the Town in the fund financial statements. The amounts shown in the government-wide financial statements have been adjusted for unearned amounts which are recorded as unearned revenues on the Statement of net position.

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2015

Economic factors and next year's budgets and rates

The Town believes it has steadily maintained sufficient unrestricted net position and assigned and unassigned general fund balance amounts to sustain the governmental activities and operations for an estimated two month period of time. The Town sees this trend continuing through future fiscal years. There are no currently known facts, decisions or conditions that the Town believes will significantly effect the financial position or results of the operations of the Town in the future.

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, 2015

	Governmental activities
Assets	
Current assets:	
Cash	\$ 3,653,704
Investments	55,916
Property taxes receivable	148,472
Intergovernmental accounts receivable	96,742
Other accounts receivable	11,406
Inventories	4,698
Prepaid items	10,452
Total current assets	3,981,390
Capital assets:	
Non-depreciable	4,365,884
Depreciable (net)	39,112,975
Total capital assets	43,478,859
Other assets:	
Restricted cash	597,182
Restricted investments	231,883
Long-term accounts receivable	33,759
Total other assets	862,824
 Total Assets	 48,323,073
 Liabilities	
Accounts payable	414,495
Accrued payroll	74,651
Other liabilities	3,717
Unearned revenues	447,067
Long-term debt	
Portion due within one year	855,643
Portion due after one year	11,296,679
Unamortized bond premiums	90,910
Accrued compensated absences	316,854
Other post-employment benefits liability	1,350,390
Total liabilities	14,850,406
 Net position	
Net Investment in capital assets	31,326,537
Restricted	
Expendable	521,480
Non-expendable	204,836
Unrestricted	1,419,814
Total net position	\$ 33,472,667

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Balance sheet - Governmental funds
June 30, 2015

	General fund	School construction fund	Town capital funds	Cemetery activity fund	Non-major governmental funds	Total governmental funds
Assets						
Cash	\$ 2,034,051	\$ 373	\$ 268,172	\$ 869,492	\$ 1,025,500	\$ 4,197,588
Investments	55,916	-	-	-	231,883	287,799
Receivables (net of allowance)						
Property taxes	148,472	-	-	-	-	148,472
Intergovernmental	22,739	-	14,000	-	60,003	96,742
Other	9,078	-	-	-	2,328	11,406
Inventories	-	-	-	-	4,698	4,698
Prepaid items	-	-	-	-	10,452	10,452
Due from other funds	1,848,740	-	1,142,497	-	663,070	3,654,307
Total assets	<u>\$ 4,118,996</u>	<u>\$ 373</u>	<u>\$ 1,424,669</u>	<u>\$ 869,492</u>	<u>\$ 1,997,934</u>	<u>\$ 8,411,464</u>
Liabilities						
Accounts payable	\$ 343,271	\$ -	\$ 5,573	\$ -	\$ 55,450	\$ 404,294
Accrued payroll	66,160	-	-	-	8,491	74,651
Other liabilities	224	-	-	-	3,493	3,717
Unearned revenues	9,405	-	-	-	2,568	11,973
Due to other funds	1,136,794	1,223,030	770,296	3,600	520,587	3,654,307
Total liabilities	<u>1,555,854</u>	<u>1,223,030</u>	<u>775,869</u>	<u>3,600</u>	<u>590,589</u>	<u>4,148,942</u>
Deferred inflows of resources						
Unavailable revenue -						
Property taxes	129,015	-	-	-	-	129,015
Total deferred inflows of resources	<u>129,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,015</u>
Fund balances						
Nonspendable	-	-	-	-	204,836	204,836
Restricted	-	-	-	-	956,574	956,574
Committed	-	-	648,800	-	172,403	821,203
Assigned	1,335,428	-	-	865,892	76,677	2,277,997
Unassigned	1,098,699	-1,222,657	-	-	-3,145	-127,103
Total fund balances	<u>2,434,127</u>	<u>-1,222,657</u>	<u>648,800</u>	<u>865,892</u>	<u>1,407,345</u>	<u>4,133,507</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,118,996</u>	<u>\$ 373</u>	<u>\$ 1,424,669</u>	<u>\$ 869,492</u>	<u>\$ 1,997,934</u>	<u>\$ 8,411,464</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, 2015

Fund balances of governmental funds as shown on Statement C		\$ 4,133,507
<p>Amounts reported for governmental activities in the government-wide financial statements (Statement A) are different than the amounts reported in the fund financial statements (Statement C) and must therefore be modified as follows:</p>		
1 Capital assets used in governmental activities are not financial resources and therefore are not reported on Statement C however they are reported on Statement A and therefore must be added back in:		
Cost	63,124,664	
Less accumulated depreciation	-19,645,805	43,478,859
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:		129,015
3 Certain state and federal grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in accordance with the modified accrual basis of accounting. In addition, Codification of Governmental Accounting and Financial Reporting Standards section 1600.114 states that in regard to the modified accrual basis of accounting, material revenues received prior to the normal time of receipt should be recorded as unearned revenue. The Town records all revenues as such that are received prior to their normal period of receipt. The government-wide financial statements record revenues on the accrual basis of accounting when they have been earned and therefore these revenue amounts are unearned on Statement A and therefore they must be subtracted out:		-435,094
4 Interfund receivable and payable balances between governmental funds are reported on Statement C but eliminated on the Statement A:		
Interfund receivables	3,654,307	
Interfund payables	-3,654,307	-
5 Long-term and other certain 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 must therefore be subtracted out:		
Bonds and capital leases payable	-12,015,000	
Notes payable	-24,215	
Capital leases payable	-113,107	
Unamortized bond premiums	-90,910	
Accrued compensated balances	-316,854	
Other post-employment benefits liability	-1,350,390	-13,910,476
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:		33,759
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:		43,097
Net position of governmental activities as shown on Statement A		\$ 33,472,667

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, 2015

	General fund	School construction fund	Town capital funds	Cemetery activity fund	Non-major governmental funds	Total governmental funds
Revenues						
Property tax revenues	\$ 15,240,614	\$ -	\$ -	\$ -	\$ -	\$ 15,240,614
Intergovernmental - education	3,096,721	-	14,000	-	1,332,368	4,443,089
Intergovernmental - on behalf	1,718,069	-	-	-	-	1,718,069
Intergovernmental - tax relief	78,903	-	-	-	-	78,903
Intergovernmental - other	87,723	-	-	-	637,574	725,297
Education tuition	240,975	-	552,640	-	-	793,615
Charges for services and fees	176,193	-	-	5,950	278,049	460,192
Interest and dividends	9,681	-	238	1,042	1,191	12,152
Miscellaneous	110,609	-	-	22,231	78,205	211,045
Total revenues	20,759,488	-	566,878	29,223	2,327,387	23,682,976
Expenditures						
Current:						
General government	2,523,523	-	16,145	-	43,116	2,582,784
Public works	923,621	-	-	-	72,802	996,423
Public safety	407,870	-	-	-	2,203	410,073
Building, planning and zoning	200,202	-	-	-	5,850	206,052
Community services	403,908	-	-	24,740	130,220	558,868
Sanitation and waste	460,152	-	-	-	-	460,152
Education	13,050,286	7,000	51,750	-	1,360,146	14,469,182
Education - on behalf	1,718,069	-	-	-	-	1,718,069
Unclassified	-	-	-	-	212,204	212,204
Capital outlay	14,400	-	239,111	-	264,316	517,827
Non-cash notes payable purchases	36,040	-	-	-	-	36,040
Non-cash capital lease purchase	114,783	-	-	-	-	114,783
Debt service:						
Principal	156,999	-	638,001	-	-	795,000
Interest	383,289	-	-	-	-	383,289
Total expenditures	20,393,142	7,000	945,007	24,740	2,090,857	23,460,746
Excess (deficiency) of revenues over (under) expenditures	366,346	-7,000	-378,129	4,483	236,530	222,230
Other financing sources (uses)						
Non-cash notes payable proceeds	36,040	-	-	-	-	36,040
Non-cash capital lease proceeds	114,783	-	-	-	-	114,783
Transfers in	46,041	-	448,900	-	38,172	533,113
Transfers out	-484,695	-	-	-	-48,418	-533,113
Total other financing sources (uses)	-287,831	-	448,900	-	-10,246	150,823
Net change in fund balance	78,515	-7,000	70,771	4,483	226,284	373,053
Fund balance - July 1	2,355,612	-1,215,657	578,029	861,409	1,181,061	3,760,454
Fund balance - June 30	\$ 2,434,127	\$ -1,222,657	\$ 648,800	\$ 865,892	\$ 1,407,345	\$ 4,133,507

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, 2015

Net changes in governmental fund balances as shown on Statement D		\$ 373,053
<p>Amounts recorded for governmental activities in the government-wide financial statements (Statement B) are different than the amounts reported in the fund financial statements (Statement D) and therefore must be modified as follows:</p>		
<p>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. Therefore the following adjustments must be made:</p>		
Current year capital asset purchases to be capitalized	1,204,007	
Current year depreciation expense on current and previous capital assets	-1,589,250	-385,243
<p>2 Property tax revenues are recognized on Statement D as described in note 1H of the notes to the financial statements however property tax revenues are recorded in the full amount of the annual levy in Statement B and therefore the current year adjustment described in note 1H must be added back in or subtracted back out:</p>		
		-2,829
<p>3 The basis of presentation and revenue recognition is different from the government-wide financial statements shown on Statement B and the fund financial statements shown on Statement D. This difference in revenue recognition policies results in certain revenue amounts being recognized in Statement D and being recorded as unearned in Statement B:</p>		
Prior year unearned revenue amounts to be recognized	257,179	
Current year revenue amounts to be recorded as unearned	-435,094	-177,915
<p>4 Interfund transfers between governmental funds are reported on Statement D but must be eliminated on Statement B:</p>		
Operating transfers in	533,113	
Operating transfers out	-533,113	-
<p>5 Payments on and changes in long-term and other certain liabilities are recorded as current year activities on Statement D however they are shown as a reduction in an already established liability account on in the government-wide financial statements and therefore must not be shown as current year activity:</p>		
Bonds payable principal repayment	795,000	
Notes payable proceeds	-36,040	
Notes payable principal repayment	11,825	
Capital lease proceeds	-114,783	
Capital lease principal repayment	31,348	
Amortization of bond premiums	5,820	
Accrued compensated absences increase	-37,113	
Other post-employment benefits liability increase	-123,845	532,212
<p>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 and therefore must not be shown as current activity:</p>		
Prior year recorded delinquent interest and lien receivable balance	-35,287	
Current year recorded delinquent interest and lien receivable balance	33,759	-1,528
<p>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:</p>		
		43,097
Change in net position of governmental activities as shown on Statement B		\$ 380,847

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, 2015

	Original budget	Budget revisions	Final budget	Actual	Variance
Revenues					
Property tax revenues	\$ 15,079,916	\$ -	\$ 15,079,916	\$ 15,240,614	\$ 160,698
Intergovernmental - education	3,078,334	-	3,078,334	3,096,721	18,387
Intergovernmental - tax relief	73,467	-	73,467	78,903	5,436
Intergovernmental - other	54,089	-	54,089	87,723	33,634
Education tuition	257,106	-	257,106	240,975	-16,131
Charges for services and fees	178,500	-	178,500	176,193	-2,307
Interest income	20,000	-	20,000	9,681	-10,319
Miscellaneous	120,364	-	120,364	110,609	-9,755
Total revenues	18,861,776	-	18,861,776	19,041,419	179,643
Expenditures					
General government					
Board of selectmen	258,700	-	258,700	257,503	1,197
Board of finance	2,200	-	2,200	1,908	292
Finance	180,284	19,500	199,784	197,063	2,721
Town clerk	104,095	-	104,095	100,412	3,683
Tax collector	91,200	-	91,200	90,138	1,062
Assessor	69,825	1,000	70,825	69,783	1,042
Elections	30,224	-	30,224	24,580	5,644
Town building operations	643,341	-	643,341	617,811	25,530
Professional and technical services	219,000	-	219,000	207,170	11,830
Auditing services	21,000	-	21,000	21,000	-
Data processing	87,510	-	87,510	83,661	3,849
Insurances	165,040	-	165,040	147,523	17,517
Employee benefits	564,299	-4,200	560,099	537,731	22,368
Payroll taxes	138,828	-	138,828	126,308	12,520
Unemployment compensation	10,500	-	10,500	388	10,112
Probate court	4,200	200	4,400	4,398	2
Public building commission	540	-	540	-	540
Bad debt expense	-	-	-	38,933	-38,933
	2,590,786	16,500	2,607,286	2,526,310	80,976
Public works					
Highway department	933,039	4,400	937,439	927,821	9,618
Public safety					
Police protection	224,005	-	224,005	219,543	4,462
Fire commission	177,775	1,000	178,775	171,674	7,101
Fire marshal	13,916	-	13,916	13,653	263
Canine services	4,250	-	4,250	3,000	1,250
	419,946	1,000	420,946	407,870	13,076
Building, planning and zoning					
Building and land use	224,127	-15,500	208,627	193,854	14,773
Planning and zoning commission	6,630	-	6,630	1,901	4,729
Inland wetlands commission	2,035	-	2,035	1,675	360
Zoning board of appeals	1,440	-	1,440	433	1,007
Economic development commission	2,000	-1,000	1,000	635	365
Conservation commission	1,575	-	1,575	1,514	61
Open space	645	-	645	190	455
	238,452	-16,500	221,952	200,202	21,750

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, 2015

	Original budget	Budget revisions	Final budget	Actual	Variance
Community services					
Library	\$ 252,773	\$ -	\$ 252,773	\$ 248,276	\$ 4,497
Senior citizens	167,374	-1,000	166,374	130,443	35,931
Public health services	32,100	-	32,100	25,189	6,911
	<u>452,247</u>	<u>-1,000</u>	<u>451,247</u>	<u>403,908</u>	<u>47,339</u>
Sanitation and waste					
Refuse services	511,828	-12,300	499,528	460,152	39,376
Education	13,294,139	-	13,294,139	12,989,584	304,555
Capital outlay	14,400	-	14,400	14,400	-
Contingency	25,000	-23,000	2,000	-	2,000
Debt issuance costs	35,000	-35,000	-	-	-
Debt service:					
Principal	398,000	8,999	406,999	156,999	250,000
Interest	334,298	49,001	383,299	383,289	10
	<u>732,298</u>	<u>58,000</u>	<u>790,298</u>	<u>540,288</u>	<u>250,010</u>
Total expenditures	<u>19,247,135</u>	<u>-7,900</u>	<u>19,239,235</u>	<u>18,470,535</u>	<u>768,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-385,359</u>	<u>7,900</u>	<u>-377,459</u>	<u>570,884</u>	<u>948,343</u>
Other financing sources (uses)					
Proceeds from short term debt issuance	250,000	-	250,000	-	-250,000
Utilization of un-designated fund balance	611,544	-	611,544	-	-611,544
Transfers in	-	-	-	46,041	46,041
Transfers out	-476,185	-7,900	-484,085	-484,695	-610
Total other financing sources (uses)	<u>385,359</u>	<u>-7,900</u>	<u>377,459</u>	<u>-438,654</u>	<u>-816,113</u>
Change in fund balance	-	-	-	132,230	132,230
Current year encumbrances				9,987	
Prior year encumbrances				-63,702	
Non-budgeted State on behalf revenue				1,718,069	
Non-budgeted State on behalf expense				-1,718,069	
Non-cash note payable proceeds				150,823	
Non-cash note payable purchase				-150,823	
Net change in fund balance				78,515	
Fund Balance - July 1				<u>2,355,612</u>	
Fund Balance - June 30				<u><u>\$ 2,434,127</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, 2015

	Dental fund
Assets	
Cash	\$ 53,298
Investments	-
Accounts receivable	-
Due from other funds	-
Total assets	\$ 53,298
Liabilities	
Accounts payable	\$ 10,201
Accrued payroll	-
Other liabilities	-
Unearned revenues	-
Due to other funds	-
Total liabilities	10,201
Net Position:	
Restricted	
Expendable	43,097
Non-expendable	-
Unrestricted	-
Total net position	43,097
Total liabilities and net position	\$ 53,298

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, 2015

	Dental fund
Operating revenues:	
Charges for services	\$ 138,722
Fees	-
Other operating revenues	-
Total operating revenues	138,722
Operating expenses:	
Personal services	-
Contractual services	95,625
Administrative costs	-
Total operating expenses	95,625
Total operating income (loss)	43,097
Nonoperating revenues (expenses):	
Investment earnings	-
Fiscal charges	-
Interest expense	-
Total nonoperating revenues (expenses)	-
Total Income (loss)	43,097
Contributions and transfers:	
Capital contributions	-
Transfers in	-
Transfers out	-
Total contributions and transfers	-
Change in net position	43,097
Net position - July 1	-
Net position - June 30	\$ 43,097

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, 2015

	Dental fund
Cash flows from operating activities:	
Receipts from employees and town	\$ 138,722
Receipts from customers and users	-
Payments for goods and services	-85,424
Other items	-
Net cash from operating activities	53,298
 Cash flows from noncapital financing activities:	
Transfers to or from other funds	-
Interest paid	-
Net cash from noncapital financial activities	-
 Cash flows from capital and related financial activities:	
Capital asset additions	-
Principal payments of long-term debt	-
Interest payments of long-term debt	-
Net cash from capital and related financing activities	-
 Cash flows from investing activities:	
Investment additions	-
Interest and other receipts	-
Net cash from investing activities	-
 Change in cash and cash equivalents	53,298
 Cash and cash equivalents - July 1	-
 Cash and cash equivalents - June 30	\$ 53,298
 Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 43,097
Changes in operating assets and liabilities	
(Increase) decrease in accounts receivable	-
(Increase) decrease in due from other funds	-
Increase (decrease) in accounts payable	10,201
Increase (decrease) in unearned revenues	-
Increase (decrease) in due to other funds	-
Net cash from operating activities	\$ 53,298

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of net position
Fiduciary funds
June 30, 2015

	Agency funds
Assets:	
Cash	\$ 340,543
Investments	-
Accounts receivable	-
Due from other funds	-
Total assets	\$ 340,543
Liabilities:	
Accounts payable	\$ -
Unearned revenues	-
Due to student groups	122,371
Rental escrow funds payable	3,702
Maintenance escrow funds payable	214,470
Total liabilities	340,543
Net position:	
Restricted	
Expendable	-
Non-expendable	-
Unrestricted	-
Total net position	-
Total liabilities and net position	\$ 340,543

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Notes to the basic financial statements
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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 \$15,750 and \$14,500, 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 agency 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
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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 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
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Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental funds used by the Town include the general fund, and other 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 main operating fund of the Town. It is used to account for and report all financial resources not accounted for and reported in another 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 to the extent that 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 activities of the Town. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the programs of the Town. The fiduciary funds of the Town consist of agency funds. Agency funds are used to report resources held by the Town in a purely custodial capacity. Agency funds of the Town consist of the student activity accounts located at the Board of Education and rental and maintenance bond escrow funds collected and held until certain events or requirements have been met at which time the funds may be returned.

- 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 activities.
- f. Agency funds - Agency funds represent resources held in a purely custodial capacity for individuals, private organizations, or other governments.

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 1S on pages 29 and 30. 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
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June 30, 2015

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 (agency 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. Given the type of the fiduciary funds of the Town (agency funds), the statement of changes in fiduciary net position is not applicable for the current fiscal year.

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. 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.

E. Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposit accounts as well as all highly liquid short-term investments with a maturity date within three months of the date acquired by the Town. However, the Town may classify money market accounts, certificates of deposit accounts and other higher yielding accounts as investments regardless of maturity when they are used to gain a higher interest rate in order to more accurately reflect how the Town's cash balances are being used for the benefit of the Town.

F. Investments

The Town's policy to value investments at their fair value as of the end of the fiscal year. 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. The Town may consider certain money market accounts, certificates of deposit and other higher yielding accounts as investments.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2015

G. Revenue recognition - property taxes

The Town's property tax for the current year was levied June 3, 2014 on the grand list as of October 1, 2013, for the real, personal and motor vehicle property located in the Town at a rate of 35.34 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2014. Supplemental motor vehicle taxes were due on January 1, 2015. Interest on unpaid taxes commenced after each due date, at 18% per annum. 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, the total current year principal assessment is recorded as revenue.

H. 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 include property tax principal amounts of \$148,472, intergovernmental amounts of \$96,742 due on state, federal and other grant and awards agreements with \$41,842 relating to school activities and \$54,900 relating to other governmental activities and other receivable balances of \$11,406. The other receivable balance is made up miscellaneous receivable amounts. 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 \$33,759. 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. During the current fiscal year the Town wrote off an other receivables balance in the amount of \$38,933 due from the Bolton Lakes Regional Water Pollution Control Authority of which the Town is a member. This receivable balance related to invoices of the Authority which were paid by the Town during prior fiscal years and for which repayment was originally expected.

I. Tax acquired property

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

J. Inventories

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 expenditures when used. The Town currently has recorded an inventory amount of \$4,698 as it relates to the school lunch program with \$1,205 representing the value of non-USDA inventory items and \$3,493 representing the value of USDA inventory items.

K. Prepaid items

Payments made to vendors for services and in certain circumstances goods that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenses-expenditures 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 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 considers relatively minor in nature generally to include aggregated similar items not exceeding \$2,500. Payments made to vendors for services and in certain circumstances goods that will only benefit periods beyond the end of the fiscal year which are related to grants and other governmental fund activities are recorded as prepaid expenses-expenditures regardless of the dollar amount.

Town of Bolton, Connecticut
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L. 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.

M. Interfund receivables and payables

On the fund financial statements, interfund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to transfers which were not physically made but need to be recorded to keep track of the individual fund balances, 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 revenue and other revenues is not deposited into the individual funds but rather into the general fund and accounted for as an interfund receivable. Expenditures for one fund paid for out of another fund are also included in these balances. The balance of interfund receivables and interfund payables as shown on the balance sheet must equal. These interfund balances and related activities have been eliminated in the government-wide statement of net position and the statement of activities.

N. Accounts payable and other liabilities

The accounts payable balance of the town is used to account for the expenses or expenditures related to goods and services received during the current fiscal year for which the related invoices have not yet been paid as of the end of the current fiscal year. Under both the accrual and modified accrual basis of accounting expenses and expenditures are recorded when they are incurred. The other liabilities balance as shown on both the government-wide and fund financial statements of \$3,717 is made up of the USDA inventory amount of \$3,493 and other miscellaneous items in the amount of \$224.

O. Accrued payroll

On the government-wide and the fund financial statements, the accrued payroll balance is made up of amounts related to 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.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2015

P. Unearned revenue and Deferred inflows of resources

On the government-wide financial statements, revenue amounts which have been received in cash but not yet earned or recognized are recorded as unearned revenue. Codification of Governmental Accounting and Financial Reporting Standards section 1600.114 states that in regard to the modified accrual basis of accounting, material revenues received prior to the normal time of receipt should be recorded as unearned revenue. On the government-wide financial statements, the current fiscal year unearned revenue balance of the governmental activities totaled \$447,067. This amount is made up of unearned state, federal and other education grant balances of \$146,340 which will be used in the upcoming fiscal year and balances of \$2,568 which represent unspent and remaining state grant balances due back to the state, unearned state, federal and other governmental program grant balances of \$288,754, jeopardy tax collections in the amount of \$8,105 and other miscellaneous items of \$1,300. On the fund financial statements, the current fiscal year unearned revenue balance totaled \$11,973. This amount is made up of unearned state, federal and other education grant balances of \$2,568 which represent unspent and remaining state grant balances due back to the state, jeopardy tax collections in the amount of \$8,105 and other miscellaneous items of \$1,300. The acquisition of net position or fund balance amounts which apply to future periods will not be recognized as an inflow of resources (revenue) until that time. On the fund financial statements, property taxes receivable not expected to be received within the first 60 days after the fiscal year end (i.e. not measurable and available) are recorded as deferred inflows of resources. The current fiscal year deferred inflow of resources balance relating to these property taxes receivable is \$129,015.

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, 2015 relating to encumbrances was \$9,987 for the general fund. The balance relating to the Board of Education was \$0 and the balance for the town general fund was \$9,987 as of the end of the fiscal year.

R. 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, and expenditures of an individual governmental or enterprise (if present) fund are at least 10% of the corresponding totals for all funds of the governmental or enterprise (if present) fund type and
- b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 5% of the corresponding totals for all governmental and enterprise (if present) 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.

- d. School construction fund - This fund is being used to account for the costs and related revenues associated with the Bolton High School construction and renovation project. These construction activities were financed through State construction grant revenue and bonding by the Town. The Town authorized bonding for this project in the amount of \$26,150,000 to be reduced by project grants received. Bonds issued to date total \$12,695,000 with project grants received to date totaling \$9,757,195 leaving authorized and unissued bonds totaling \$3,697,805 relating to this construction project.
- e. 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 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 and through other miscellaneous grants and revenues. In addition, this fund includes the Board of Education capital fund. This capital fund is used to account for a portion of education tuition revenue which is designed to be used to pay the annual debt service requirements for the school construction related debt or portions thereof.
- f. Cemetery activity fund - This fund is used to account for a portion of the assets which were transferred from the Bolton Cemetery Association, Inc. which was a legally separate organization within the town which maintained the cemeteries within the town. Cemetery lot sales and other related revenues as well as upkeep and maintenance costs are accounted for within this fund.

Town of Bolton, Connecticut
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June 30, 2015

S. 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.
- 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. 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.

Town of Bolton, Connecticut
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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 48.

	General fund	School construction fund	Town capital funds	Cemetery activity fund	Non-major governmental funds	Total governmental funds
Fund balances:						
Nonspendable:						
Prepaid	\$ -	\$ -	\$ -	\$ -	\$ 10,452	\$ 10,452
Non-USDA inventory	-	-	-	-	1,205	1,205
Permanent funds principal	-	-	-	-	193,179	193,179
	-	-	-	-	204,836	204,836
Restricted:						
Town aid roads grant	-	-	-	-	219,632	219,632
Educational grants	-	-	-	-	209,501	209,501
Education programs	-	-	-	-	37,100	37,100
Recreation round fund	-	-	-	-	157,313	157,313
Bentley memorial library fund	-	-	-	-	30,149	30,149
Permanent funds non-principal	-	-	-	-	200,792	200,792
Other grants and programs	-	-	-	-	102,087	102,087
	-	-	-	-	956,574	956,574
Committed:						
Open space reserve funds	-	-	-	-	170,023	170,023
Other governmental funds	-	-	-	-	2,380	2,380
Capital reserve fund	-	-	482,151	-	-	482,151
School capital fund	-	-	68,295	-	-	68,295
Capital projects fund	-	-	98,354	-	-	98,354
	-	-	648,800	-	172,403	821,203
Assigned:						
Cemetery activity fund	-	-	-	865,892	-	865,892
Buildings and grounds fund	-	-	-	-	47,576	47,576
Dog fund	-	-	-	-	19,778	19,778
Other programs and funds	-	-	-	-	9,323	9,323
Internal assignment of funds for unforseen financial emergencies	1,325,441	-	-	-	-	1,325,441
Education encumbrances	-	-	-	-	-	-
Town encumbrances	9,987	-	-	-	-	9,987
	1,335,428	-	-	865,892	76,677	2,277,997
Unassigned						
General fund	1,098,699	-	-	-	-	1,098,699
School construction fund	-	-1,222,657	-	-	-	-1,222,657
Education grants and programs	-	-	-	-	-2,926	-2,926
Other grants and programs	-	-	-	-	-219	-219
	1,098,699	-1,222,657	-	-	-3,145	-127,103
Total fund balances	\$ 2,434,127	\$ -1,222,657	\$ 648,800	\$ 865,892	\$ 1,407,345	\$ 4,133,507

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T. Long-term obligations and related costs

Long-term debt and other long-term obligations are reported as liabilities on the governmental-wide statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. The unamortized portion is presented in the government-wide Statement of Net Position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred. The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

U. 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 15th 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 15th. 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 1st. 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 25th. The current fiscal year budget was approved by referendum on June 3, 2014.

	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 20,759,488	\$ -20,393,142	\$ -287,831	\$ 78,515
Current fiscal year encumbrances	-	-9,987	-	-9,987
Prior fiscal year encumbrances	-	63,702	-	63,702
State on-behalf payments	-1,718,069	1,718,069	-	-
Non-cash debt activity	-	150,823	-150,823	-
Budgetary basis - Statement E	<u>\$ 19,041,419</u>	<u>\$ -18,470,535</u>	<u>\$ -438,654</u>	<u>\$ 132,230</u>

Town of Bolton, Connecticut
Notes to the basic financial statements
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Note 2 - Deposits and investments

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 \$4,878,214 which is shown in the financial statements as cash balances of \$4,591,429 (\$4,197,588 on Statement C, \$53,298 on Statement F and \$340,543 on Statement I) and investment balances of \$286,785 which represent money market accounts, certificates of deposit and other higher yielding accounts which are a portion of the investments balance shown on Statement C. The corresponding bank balances of these accounts at various financial institutions totaled \$5,084,410 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, approximately \$922,280 was covered by FDIC with the remaining \$4,162,130 representing balances that were not insured but rather collateralized 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.

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, 2015.

Type	Fair value	Maturities in years			Credit ratings	
		Less than 1 year	1 - 5 years	6 - 10 years	Moody's	S & P
Governmental funds:						
CT short term investment fund	\$ 1,014	\$ 1,014	\$ -	\$ -	not rated	AAAm
Money market and certificates	286,785	286,785	-	-	not rated	not rated
	<u>\$ 287,799</u>	<u>\$ 287,799</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. The types of investments authorized to be carried by the Town are in accordance with those authorized by the State of Connecticut. These investments include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, and repurchase agreements. The Town may vote to accept other types of investments than those authorized by the State in situations where they have been donated to the Town to benefit the Town. **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.

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Note 3 - 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 shown this information separately rather than netted out.

	Receivable due from	Payable due to
General fund:		
School construction fund	\$ 573,030	\$ -
Town capital funds	751,523	492,497
Cemetery activity fund	3,600	-
Non-major special revenue funds	520,587	642,974
Non-major permanent funds	-	1,323
	\$ 1,848,740	\$ 1,136,794
School construction fund:		
General fund	\$ -	\$ 573,030
Capital reserves fund	-	650,000
	\$ -	\$ 1,223,030
Town capital funds:		
General fund	\$ 492,497	\$ 751,523
School construction fund	650,000	-
Non-major special revenue funds	-	18,773
	\$ 1,142,497	\$ 770,296
Cemetery activity fund:		
General fund	\$ -	\$ 3,600

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 transfers being made out of the non-major special revenue funds to the general fund represent in part the transfer of the remaining surplus balances of inactive town special revenue funds within fund 2822. The following information represents interfund transfers by individual major fund and non-major funds in the aggregate.

	Transfers in	Transfers out
General fund:		
Town capital funds	\$ -	\$ -448,900
Non-major special revenue funds:	46,041	-35,795
	\$ 46,041	\$ -484,695
Town capital funds:		
General fund	\$ 448,900	\$ -

Town of Bolton, Connecticut
Notes to the basic financial statements
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Note 4 - 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	\$ 435,094
Non-spendable balance of non-major permanent funds	92,905
Restricted balance of non-major permanent funds	69,183
	<u>\$ 597,182</u>
Restricted investments	
Nonspendable balance of non-major permanent funds	\$ 100,274
Restricted balance of non-major permanent funds	131,609
	<u>\$ 231,883</u>

Note 5 - Capital assets - government-wide financial statements only

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2015. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1L on page 27 of the financial statements.

	Balance 07/01/14	Additions	Retirements	Balance 06/30/15
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 4,365,884	\$ -	\$ -	\$ 4,365,884
Capital assets being depreciated:				
Buildings and improvements	41,822,744	179,964	-	42,002,708
Vehicles	3,373,365	106,938	-20,266	3,460,037
Equipment	975,502	501,244	-	1,476,746
Infrastructure	11,403,428	415,861	-	11,819,289
Total at historical value	<u>57,575,039</u>	<u>1,204,007</u>	<u>-20,266</u>	<u>58,758,780</u>
Less accumulated depreciation for:				
Building and improvements	-10,781,563	-	-1,004,211	-11,785,774
Vehicles	-2,073,766	20,266	-233,286	-2,286,786
Equipment	-515,829	-	-121,419	-637,248
Infrastructure	-4,705,663	-	-230,334	-4,935,997
Total accumulated depreciation	<u>-18,076,821</u>	<u>20,266</u>	<u>-1,589,250</u>	<u>-19,645,805</u>
Total capital assets being depreciated (net)	<u>39,498,218</u>	<u>1,224,273</u>	<u>-1,609,516</u>	<u>39,112,975</u>
Governmental activities capital assets (net)	<u>\$ 43,864,102</u>	<u>\$ 1,224,273</u>	<u>\$ -1,609,516</u>	<u>\$ 43,478,859</u>

Depreciation expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. During the current fiscal year, depreciation expense was charged to general government - \$100,830, public works - \$106,321, public safety - \$156,305, education - \$973,984, community services - \$21,476 and general infrastructure - \$230,334 for a total current fiscal year depreciation expense amount of \$1,589,250.

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Note 6 - 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.

	Balance 07/1/14	Additions	Reductions	Balance 06/30/15	Amount due within one year
Governmental activities:					
Outstanding payables:					
\$1,930,000 bond payable	\$ 705,000	\$ -	\$ -235,000	\$ 470,000	\$ 235,000
\$9,000,000 bond payable	7,950,000	-	-370,000	7,580,000	380,000
\$4,345,000 bond payable	4,155,000	-	-190,000	3,965,000	195,000
\$20,271 note payable	-	20,271	-11,825	8,446	5,064
\$15,769 note payable	-	15,769	-	15,769	3,948
\$57,410 capital lease payable	29,672	-	-14,586	15,086	15,086
\$114,783 capital lease payable	-	114,783	-16,762	98,021	21,545
Total outstanding payables	<u>12,839,672</u>	<u>150,823</u>	<u>-838,173</u>	<u>12,152,322</u>	<u>855,643</u>
Unamortized bond premiums:					
\$9,000,000 bond payable	88,320	-	-5,352	82,968	
\$4,345,000 bond payable	8,410	-	-468	7,942	
	<u>96,730</u>	<u>-</u>	<u>-5,820</u>	<u>90,910</u>	
Other liabilities:					
Accrued comp. absences - school	16,277	9,041	-	25,318	
Accrued comp. absences - town	263,464	28,072	-	291,536	
Other post-employment benefits	1,226,545	123,845	-	1,350,390	
Total other liabilities	<u>1,506,286</u>	<u>160,958</u>	<u>-</u>	<u>1,667,244</u>	
Total long-term liabilities	<u>\$ 14,442,688</u>	<u>\$ 311,781</u>	<u>\$ -843,993</u>	<u>\$ 13,910,476</u>	<u>\$ 855,643</u>

The following is a summary of the terms, conditions, and ending balance as of June 30, 2015 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:

\$1,930,000 bond payable issued in June of 2007 to finance general purpose and school improvement items. Annual principal installments range from \$245,000 to \$235,000 through June of 2017. Interest at 4.50%.	\$ 470,000
\$9,000,000 bond payable issued in August of 2010 to finance a portion of the high school construction and renovation project. Annual principal installments range from \$340,000 to \$610,000 starting in August of 2011 through August of 2031. The coupon interest rates applicable to this bond payable range from 2.00% to 4.00%.	7,580,000
\$4,345,000 bond payable issued in May of 2012 to finance a portion of the high school construction and renovation project in the amount of \$3,695,000 and the purchase of a new fire truck in the amount of \$650,000. Annual principal installments range from \$190,000 to \$280,000 starting in May of 2014 through May of 2032. The coupon interest rates applicable to this bond payable range from 2.00% to 2.95%.	3,965,000
\$20,271 note payable issued in January of 2013 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 with monthly principal payments of \$422 through January of 2017.	8,446
\$15,769 note payable issued in June of 2015 to finance a portion of the costs for a energy conservation lighting and other items project at the high school. This is a non-interest bearing note with monthly principal payments of \$329 through June of 2019.	15,769
	<u>\$ 12,039,215</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
2016	\$ 819,012	\$ 359,514	\$ 1,178,526
2017	832,330	335,439	1,167,769
2018	603,948	313,014	916,962
2019	618,925	300,407	919,332
2020	625,000	285,427	910,427
2021 - 2025	3,400,000	1,165,290	4,565,290
2026 - 2030	3,975,000	586,655	4,561,655
2031 - 2035	1,165,000	36,695	1,201,695
	<u>\$ 12,039,215</u>	<u>\$ 3,382,441</u>	<u>\$ 15,421,656</u>

Amortization of bond premiums

The \$9,000,000 bond payable issued in August of 2010 was issued at a premium which means that the Town received proceeds in excess of the face amount of the bond. The Town actually received \$9,115,750 in proceeds from this bond with \$107,052 representing the premium amount and \$8,698 representing an accrued interest amount. The bond premium amount will be amortized over the life of the bond on a straight line basis at a rate of \$2,676 for each interest payment made. The \$4,345,000 bond payable issued in May of 2012 was issued at a premium which means that the Town received proceeds in excess of the face amount of the bond. The Town actually 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 will be amortized over the life of the bond on a straight line basis at a rate of \$234 for each interest payment made. 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 and then subtracting out the aforementioned annual amortization of the bond premium for the fiscal years ending June 30:

	Interest payments	Premium on bond issuance	Interest expense total
2016	\$ 359,514	\$ -5,820	\$ 353,694
2017	335,439	-5,820	329,619
2018	313,014	-5,820	307,194
2019	300,407	-5,819	294,588
2020	285,427	-5,819	279,608
2021 - 2025	1,165,290	-29,095	1,136,195
2026 - 2030	586,655	-29,095	557,560
2031 - 2035	36,695	-3,622	33,073
	<u>\$ 3,382,441</u>	<u>\$ -90,910</u>	<u>\$ 3,291,531</u>

Interest expense

The total interest expense incurred by the Town during the current fiscal year totaled \$386,498 which related to the long-term bonds payable outstanding in the amount of \$383,289, the Town capital lease payable outstanding in the amount of \$1,017 and the Board of Education capital lease payable outstanding in the amount of \$2,192. In the fund financial statements the entire amount of interest expense incurred was charged to expense with \$383,289 being shown as interest expense, \$1,017 being recorded as a portion of the public works budget line item and \$2,192 being shown as part of the education budget line item. On the government-wide financial statements, the total interest expense amount was decreased by \$5,820 relating to the current portion of amortization of the premium on prior bonding agreements entered into by the Town. As a result of this premium amortization, the interest expense amount shown on the government-wide financial statements totaled \$380,678.

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Capital leases payable

The Town has a capital lease in part for a New Holland 6020 tractor with an over the rail mower which was purchased in January of 2009 and a Brush bandit chipper purchased in April of 2012. The gross amount of the tractor recorded as a vehicle type capital asset is \$103,509 and the gross amount of the chipper is recorded as an equipment type capital assets is \$40,155. These two items were rolled into the existing lease agreement for the tractor which had an outstanding balance of \$27,565 with the amount being rolled in for the purchase of the chipper being a non-cash amount of \$29,845. These items are being amortized over a 10 year period and the accumulated amortization (depreciation) taken as of June 30, 2015 was \$62,105 and \$13,052 respectively. The annual payment on this lease for the next fiscal year is approximately \$15,603. The amount of this payment representing interest is equal to \$517 leaving the net present value of future minimum lease payments equaling \$15,086.

The Board of Education of the Town has a capital lease related to a lease purchase agreement for photocopiers. This lease purchase agreement runs from December of 2014 through December of 2019 with quarterly payments of \$6,318 which includes interest at a rate of approximately 4.00%. The gross amount of the photocopiers recorded as an equipment type capital asset is \$114,783. These items are being amortized over a 5 year period and the accumulated amortization (depreciation) taken as of June 30, 2015 was \$17,217. The annual payments on this lease over the next five fiscal years are equal to approximately \$107,406. The amount of these payments representing interest is equal to approximately \$9,385 leaving the net present value of future minimum lease payments equaling \$98,021.

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, 2015, school accumulated sick balances for those who would receive the benefits if they retired as of June 30, 2015 based on reaching the required age and or years of service requirements totaled approximately \$236,331. 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. An estimate could be made based on prior year activity but the Town believes there are too many variables which could render this estimate useless.

Note 7 - 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, 2015.

	Governmental activities
Recorded value of capital assets	\$ 63,124,664
Less accumulated depreciation	<u>-19,645,805</u>
Book value of capital assets	43,478,859
Less capital assets related debt	<u>-12,152,322</u>
Total net investment in capital assets	<u><u>\$ 31,326,537</u></u>

Town of Bolton, Connecticut
Notes to the basic financial statements
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Note 8 - 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 the ending assigned fund balance amount as of June 30, 2014 which was \$1,272,804, added an estimated amount for interest earned during the fiscal year on the prior year balance in the amount of \$637, added the remaining budgeted contingency amount of \$2,000 and then added an annual principal addition of \$50,000 as set forth in the annual operating budget approved at town referendum. This current year activity brings the assigned general fund balance amount as of June 30, 2015 to \$1,325,441.

Note 9 - Deficit fund balances

In accordance with generally accepted accounting principles, all deficit fund balances and their nature must be disclosed. The school construction fund currently has a deficit of \$1,223,657 which is anticipated to be covered in part by additional grant funds expected to be received from the State of Connecticut once an audit of the project has been completed. The following individual non-major special revenue funds had deficit fund balances as of June 30, 2015. These deficit fund balances represent an excess of expenditures over actual revenues, appropriations, and recorded receivables. The 07-09 Idea Part B section 611 grant has a deficit of \$12, the 07-08 open choice grant has a deficit of \$416, the 11-12 PACT grant has a deficit of \$478, the 13-14 PACT grant has a deficit of \$45, the 14-16 Title I grant has a deficit of \$1,975 and the reimbursable building fees fund has a deficit of \$219. The total of these non-major special revenue fund deficit balances totaled \$3,145 as of June 30, 2015 and are shown within the applicable fund financial statements as unassigned fund balances amounts. It is anticipated that in addition to grant dollars remaining to be received, amounts will need to be transferred in subsequent fiscal years to clear out any remaining deficit balances in these non-major special revenue funds.

Note 10 - Unclassified program expenditures

The Town uses a departmental expenditure category labeled unclassified program to account for certain types of expenditures that they do not feel truly fall into the traditional departmental expenditure categories of the Town. The town is currently using this designation to report the amounts passed through to the Bolton Lakes Regional WPCA for a grant received from the State.

Note 11 - Subsequent events

The Town has evaluated subsequent events through March 29, 2016, 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.

Note 12 - Town employee benefit plans

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 \$18,000 in 2015 and \$17,500 in 2014 on behalf of participants under the plan. In addition to employee elective deferrals, the Town also contributes 10% of the wages of one employee, 8% of the wages of another employee, and 5% of the wages for the remaining covered employees. During the fiscal year ended June 30, 2015, approximately 24 employees participated in the plan at some point during the year. Total payroll for Town employees (excluding the Board of Education) was approximately \$1,695,732 of which approximately \$1,179,594 represented wages attributable to plan participants. For the fiscal year ended June 30, 2015, the Town contributed approximately \$69,695 to the plan on-behalf of the plan participants.

Town of Bolton, Connecticut
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Note 13 - 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 3.80% and 12.0% of the covered employees wages. For the fiscal year ended June 30, 2015, approximately 10 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 \$8,929,209, of which approximately \$512,515, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2015, the Board of Education contributed \$24,583 to the plan on-behalf of the plan participants.

A simplified employee pension plan is an employer sponsored, tax-favored retirement plan. Unlike a traditional qualified plan, a SEP plan doesn't need an extensive written plan document and has minimal reporting and disclosure requirements for compliance. Any type of business entity (sole proprietorship, partnership or corporation), as well as certain tax-exempt organizations, can establish a SEP plan for its employees. Each eligible employee opens a SEP IRA account with an approved custodian and the employer makes contributions to those accounts on behalf of the employees. To be valid for any given tax year, the SEP plan document must be executed and the SEP IRA accounts established and funded by the due date of the employer's tax return, including extensions. A SEP plan is funded by the employer and is 100% vested at all times. The SEP contribution limit is 25% of an individual employee's compensation or \$53,000 in 2015 and \$52,000 in 2014 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 2015 and 2014). 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, 2015, approximately 50 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 \$8,929,209, of which approximately \$1,424,824, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2015, the Board of Education contributed \$103,876 to the plan on-behalf of the plan participants.

Note 14 - On-behalf payments

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement Board Contributions made by the State of Connecticut on-behalf of the Bolton Board of Education teachers for the fiscal year ended June 30, 2015. The pension contributions made by the State are determined on an actuarial reserve basis 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, 2015, the Bolton Board of Education's total covered payroll was approximately \$6,711,207 and the applicable on-behalf payment percentage or appropriation for the period was 25.60%. This amount was not budgeted for in the general fund and results in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. An intergovernmental revenue in the amount of \$1,718,069 and an education expenditure of \$1,718,069 have been included in the general fund on Statement D (GAAP basis) and have not been included in the detail of Statement E (budgetary basis) of the fund financial statements. There is no effect on the fund balance at the end of the year. An operating grants and contributions revenue in the amount of \$1,718,069 and an expense in the governmental activities section under a separate education function line item of \$1,718,069 have been included on Statement B of the government-wide financial statements. There is no effect on the net position fund balance at the end of the year. The above State appropriation percentage of 25.60% compares to 24.97% during the prior fiscal year. The above State on-behalf payment of \$1,718,069 compares to \$1,638,441 during the prior fiscal year.

Town of Bolton, Connecticut
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Note 15 - Defined benefit pension plan

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.

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.

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.

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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2015, the Town recognized pension revenue and expense of \$1,718,069 as shown in Note 14 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	16,811,006
Total	\$ 16,811,006

Town of Bolton, Connecticut
Notes to the basic financial statements
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Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement::

Inflation	3.00%
Salary increases	3.75% to 7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

Future Cost-of-Living increases for members who retire on or after September 1, 1992 are assumed to receive an annual cost-of-living adjustment of 2%. 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 by 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%.

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 target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Large cap U.S. equities	21.0%	7.3%
Developed non U.S. equities	18.0%	7.5%
Emerging markets (non U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging markets bond fund	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 8.50%. 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 State contributions will be made at the actuarially determined contribution rates in the 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.

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

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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 16 - Other Post Employment Benefits - OPEB

Government accounting standards board (GASB) Statement No.'s 43 and 45 relate to the accounting and reporting for post-employment benefits other than pension benefits. The Town was required to implement this standard for the fiscal year beginning after December 15, 2007 which was the Town's fiscal year ended June 30, 2009. The objective of Statement No. 43 - *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, is to establish uniform standards of financial reporting by state and local governmental entities for other post-employment benefit plans (OPEB plans). OPEB plans are plans that provide post-employment healthcare benefits, either separately or through a defined benefit pension plan. The most common forms of healthcare benefits are medical, dental and vision. Other examples of benefits which are covered by this statement include life insurance, disability and long-term care benefits only when they are provided separately from a defined benefit pension plan. Paragraph 9 of this statement tells us that OPEB arise from an exchange of salaries and benefits for employee services, and it is part of the compensation that employers offer for services received.

The Board of Education and the Town provide a benefits to certain 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 Schools. Under this Statement, this type of benefit is referred to as an implicit rate subsidy. An implicit rate subsidy exists in effect when a health insurance premium rate is made up of age adjusted factors covering active and retired employees. The health insurance premiums which would be charged to a group of solely retirees are most likely larger than those which would be charged to a group of solely active employees. When these two groups are merged together, a rate somewhere in the middle is charged to all of the employees, whether active or retired. The difference between the premium costs paid by the employer and what would have been paid if the rates were not blended is considered a non current cost of the employer. The difference between the premium costs paid by the retiree and what would have been paid if the rates were not blended is considered a benefit to the retiree. Hence, a very simplified description of an implicit rate subsidy.

Plan description

The Board of Education and the Town maintain a single employer defined benefit OPEB Plan. 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. Retirees are able to purchase medical insurance for self and spouse. Insurance is 100% paid by the retiree and the spouse may continue coverage in the event of the retiree's death as long as they pay the cost of the insurance. The available plan of coverage is Anthem fully insured medical and pharmaceutical plans. Dental is self insured. 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. The Plan does not issue stand-alone financial statements.

Town of Bolton, Connecticut
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Funding policy and annual OPEB cost

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 Board of Education and the Town do not contribute directly to the Plan but rather contribute in the form of an implicit rate subsidy as described in paragraph two above. Retirees under this Plan are required to pay the full amount of the health insurance premiums that are applicable to their particular coverage option. The retiree portion is, however, reduced by an amount contributed by the State of Connecticut Teachers Retirement Board when applicable. The current amount contributed by the State for each applicable retiree is \$110 per month for a single coverage plan and \$220 per month for a dual coverage plan. The State can modify the amount contributed at any time in accordance with applicable State statutes. GASB Statement No. 45 does not mandate that a post-employment benefit liability be pre-funded by an organization it simply mandates that the liability be recorded and that certain related information be disclosed. The Board of Education of the Town currently plans to fund these benefits on a pay-as-you-go basis. As a result, no assets of the Town have been segregated and restricted to fund or provide these post-employment benefits. The annual required contribution (ARC), which is an actuarial determined amount, represents a level amount of funding, which if paid on an ongoing basis, would be projected to cover the normal cost each year and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

Funding status

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as it relates to the OPEB Plan of the Board of Education of the Town for the fiscal year ended June 30, 2015 are as follows.

Annual required contribution (ARC)	\$	222,000
Interest on beginning NOO (B) at 4.00%		49,062
Adjustment to ARC beginning NOO (B) divided by 17.98		-68,217
Annual OPEB Cost		202,845
Amount contributed		-79,000
 Increase in Net OPEB Obligation		 123,845
Net OPEB Obligation as of June 30, 2014 (B)		1,226,545
Net OPEB Obligation as of June 30, 2015	\$	1,350,390

Actuarial methods and assumptions

The projections of benefits associated with the Plan are based on the substantive Plan (this is the plan as it is understood by the employer and the plan members) and include the types of benefits available at the valuation date and the pattern of sharing the cost of these benefits between the Board of Education of the Town and the members of the Plan. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions made in making the applicable actuarial calculations are as follows.

Actuarial valuation date	07/01/13
Actuarial cost method	Projected unit credit cost method
Amortization method	30 years, level dollar, open
Asset valuation method	None
Actuarial assumptions	
Interest rate	4.00%
Projected salary increases	N/A
Medical inflation rate	8.00% for 2013, decreasing .50% per year, to an ultimate rate of 4.50% for 2020 and later

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Schedule of funding progress

Actuarial valuations involve a number of estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions based on actual results as compared to past expectations and new estimates based on expected future events and conditions. The required schedule of funding progress presented below provides multi-year trend information (only one year is currently available) intended to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (a - b)	Funded ratio (a / b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a) / c)
07/01/09	\$ -	\$ 2,109,000	\$ 2,109,000	0.00%	N/A	N/A
07/01/11	\$ -	\$ 2,356,100	\$ 2,356,100	0.00%	N/A	N/A
07/01/13	\$ -	\$ 2,774,700	\$ 2,774,700	0.00%	N/A	N/A

Schedule of employer contributions

The following schedule shows the Board of Educations annual OPEB cost, its annual contributions, the percentage of the annual OPEB costs contributed and the Net OPEB Obligation.

Fiscal year ending	Annual OPEB cost (AOC)	Actual contributions	Percentage of AOC contributed	Net OPEB Obligation (NOO)
06/30/11	\$ 210,099	\$ 98,000	47%	\$ 846,572
06/30/12	\$ 223,254	\$ 108,000	48%	\$ 961,826
06/30/13	\$ 231,594	\$ 98,577	43%	\$ 1,094,843
06/30/14	\$ 202,402	\$ 70,700	35%	\$ 1,226,545
06/30/15	\$ 202,845	\$ 79,000	39%	\$ 1,350,390

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, 2015, interim financing through the State of Connecticut Clean Water Fund has been established with the amount of the outstanding loan increasing with each draw down from the Clean Water Fund. As of June 30, 2015, permanent long-term bonding of the project has been issued and is outstanding in connection with this project through Rural Development in the original issue amounts of \$1,716,500 for phase I, \$2,924,000 for phase II, \$2,440,000 for phase III, \$2,515,000 for Phase IV and \$2,304,000 for phase V. The proceeds of these long-term bonding's were used to pay down the interim funding through the Clean Water Fund. Additional long-term bonding will occur at the completion of each remaining and approved phase of the project. These additional bonding's through Rural Development will also be used to pay down the balance of the interim funding. More information regarding the Authority can be found in the Authority's annual financial statements. The current outstanding debt of the Authority as supplied by the Authority totaled \$12,270,700 as of June 30, 2015. The Towns percentage of this debt is approximately 71% for a total contingent debt amount of \$8,712,197 as of June 30, 2015.

Town of Bolton, Connecticut
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Note 18 - 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, 2015 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 or recognized grant or contract dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants or contracts could result in a loss to the Town. However, in the opinion of the management of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable. Any material subsequent modifications or amendments would be shown by the Town as a restatement of the prior fiscal year results in which the applicable unbilled receivable had been booked.

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. An original three year agreement for these services was entered into and ran from July 1, 2005 through June 30, 2008. This agreement was extended annually over the subsequent seven year period running from July 1, 2008 through June 30, 2015. This agreement has also been extended for the upcoming one year period of July 1, 2015 through June 30, 2016 at an annual fee of \$117,760. The Town has entered into an agreement with Quality Data Service, Inc. for the use of software, data conversion, training and the related support services. This agreement is for a five year period from July 1, 2015 through June 30, 2020 or until terminated by the Town in accordance with the parameters of the agreement. The amount due for year one under this agreement is \$22,182 with the amount due for years two through five under this agreement being \$15,382 per year. The Board of Education has entered into a bus transportation agreement with First Student, 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 from July 1, 2011 through June 30, 2016. The base costs associated with this lease for conventional buses and Type II wheelchair lift school buses are \$245, \$252, \$260, \$268 and \$276, respectively, per bus per day. The number of vehicles needed under this agreement will vary. Additional hourly rates are included within the agreement for athletics, field trips and other trips during regular route hours and during non-route hours.

Note 19 - Commitments and contingencies - Operating leases

The Town and more specifically the Board of Education of the Town leases a photocopier 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 December of 2011 through December of 2016. Monthly payments under this lease agreement are \$222 which equals annual payments of \$2,664.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2015

Note 20 - Restatements and reclassifications

A restatement within the fund financial statements in the amount of \$51,750 was made as of June 30, 2014 increasing the Town capital funds committed fund balance and decreasing the non-major special revenue fund school security grant restricted fund balance. This restatement relates to a transfer which was recorded in the prior fiscal years financial statements moving the aforementioned amount from the Town capital funds to the non-major special revenue fund as the amount represented the required local match for a school security grant. During the current fiscal year the expenditures relating to the required local match were shown within the Town capital funds rather than the non-major special revenue fund. This restatement had no effect in the government-wide financial statements.

Note 21 - Recently issued accounting standards

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this Statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. It is not expected for this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015.

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

	2015
Town's proportion of the net pension liability	0.165765%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	16,811,006
Total	\$ 16,811,006
Town's covered-employee payroll	\$ 6,711,207
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to schedule:

Changes in benefit terms and assumptions:

There were no changes in benefit terms. In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

Methods and assumptions used in calculations of actuarial determined contributions:

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.5% net of pension plan investment expense, including inflation
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

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, 2015

	Non-major special revenue funds	Non-major permanent funds	Totals
Assets			
Cash	\$ 864,735	\$ 160,765	\$ 1,025,500
Investments	-	231,883	231,883
Accounts receivable	62,331	-	62,331
Inventories and prepaid items	15,150	-	15,150
Due from other funds	661,747	1,323	663,070
Total assets	<u>1,603,963</u>	<u>393,971</u>	<u>1,997,934</u>
Liabilities			
Accounts payable	55,450	-	55,450
Other liabilities	14,552	-	14,552
Due to other funds	520,587	-	520,587
Total liabilities	<u>590,589</u>	<u>-</u>	<u>590,589</u>
Fund balance			
Nonspendable	11,657	193,179	204,836
Restricted	755,782	200,792	956,574
Committed	172,403	-	172,403
Assigned	76,677	-	76,677
Unassigned	-3,145	-	-3,145
Total fund balance	<u>1,013,374</u>	<u>393,971</u>	<u>1,407,345</u>
Total liabilities and fund balance	<u>\$ 1,603,963</u>	<u>\$ 393,971</u>	<u>\$ 1,997,934</u>
Revenues			
Intergovernmental	\$ 1,969,942	\$ -	\$ 1,969,942
Charges for services	278,049	-	278,049
Interest income	506	685	1,191
Miscellaneous	78,205	-	78,205
Total revenues	<u>2,326,702</u>	<u>685</u>	<u>2,327,387</u>
Expenditures			
Salary and wages	665,483	-	665,483
Program operating costs	1,128,758	563	1,129,321
Capital outlay	296,053	-	296,053
Total expenditures	<u>2,090,294</u>	<u>563</u>	<u>2,090,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>236,408</u>	<u>122</u>	<u>236,530</u>
Other financing sources (uses)			
Transfers in	38,172	-	38,172
Transfers out	-48,418	-	-48,418
Total other financing sources (uses)	<u>-10,246</u>	<u>-</u>	<u>-10,246</u>
Net change in fund balance	226,162	122	226,284
Fund balance - July 1	<u>787,212</u>	<u>393,849</u>	<u>1,181,061</u>
Fund balance - June 30	<u>\$ 1,013,374</u>	<u>\$ 393,971</u>	<u>\$ 1,407,345</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, 2015

	Buildings and grounds Fund 2821	Mers documentation fees fund Fund 2822	Historic documentation fees fund Fund 2822	Historic documentation grant Fund 2822	Connecticard library grant Fund 2822
Assets					
Cash	\$ 47,576	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	1,580	11,271	1,500	3,662
Total assets	47,576	1,580	11,271	1,500	3,662
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	1,580	11,271	1,500	3,662
Committed	-	-	-	-	-
Assigned	47,576	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	47,576	1,580	11,271	1,500	3,662
Total liabilities and fund balance	\$ 47,576	\$ 1,580	\$ 11,271	\$ 1,500	\$ 3,662
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,013
Charges for services	-	930	1,350	-	-
Interest income	55	-	-	-	-
Miscellaneous	2,800	-	-	-	-
Total revenues	2,855	930	1,350	5,000	1,013
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	-	-	-	5,000	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	5,000	-
Excess (deficiency) of revenues over (under) expenditures	2,855	930	1,350	-	1,013
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-20,352	-	-	-
Total other financing sources (uses)	-	-20,352	-	-	-
Net change in fund balance	2,855	-19,422	1,350	-	1,013
Fund balance - July 1	44,721	21,002	9,921	1,500	2,649
Fund balance - June 30	\$ 47,576	\$ 1,580	\$ 11,271	\$ 1,500	\$ 3,662

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, 2015

	Connecticut library grant Fund 2822	Rt. 44 housing incentive grant Fund 2822	Lower Bolton lakes grant Fund 2822	Nutmeg network grant Fund 2822	FEMA fire department grant Fund 2822
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	23,161	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	3,571	9,285	-	28,098	-
Total assets	3,571	9,285	23,161	28,098	-
Liabilities					
Accounts payable	-	-	-	23,400	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	23,161	-	-
Total liabilities	-	-	23,161	23,400	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	3,571	9,285	-	4,698	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	3,571	9,285	-	4,698	-
Total liabilities and fund balance	\$ 3,571	\$ 9,285	\$ 23,161	\$ 28,098	\$ -
Revenues					
Intergovernmental	\$ 1,158	\$ -	\$ 39,020	\$ 30,000	\$ 123,975
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,158	-	39,020	30,000	123,975
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	-	-	39,020	25,302	-
Capital outlay	-	-	-	-	123,975
Total expenditures	-	-	39,020	25,302	123,975
Excess (deficiency) of revenues over (under) expenditures	1,158	-	-	4,698	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	1,158	-	-	4,698	-
Fund balance - July 1	2,413	9,285	-	-	-
Fund balance - June 30	\$ 3,571	\$ 9,285	\$ -	\$ 4,698	\$ -

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, 2015

	STEAP WPCA grant Fund 2822	East coast greenway grant Fund 2822	Charter oak greenway grant Fund 2822	ARRA assistance grant Fund 2822	Seniors contingency grant Fund 2822
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	9,000	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	-	9,000	-	-	-
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	9,000	-	-	-
Total liabilities	-	9,000	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	-	-
Total liabilities and fund balance	\$ -	\$ 9,000	\$ -	\$ -	\$ -
Revenues					
Intergovernmental	\$ 212,204	\$ 21,400	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	212,204	21,400	-	-	-
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	212,204	21,400	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	212,204	21,400	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	550
Transfers out	-	-	-7,583	-2,275	-
Total other financing sources (uses)	-	-	-7,583	-2,275	550
Net change in fund balance	-	-	-7,583	-2,275	550
Fund balance - July 1	-	-	7,583	2,275	-550
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015

	Homeland security grant Fund 2822	FEMA assistance grant Fund 2822	Energy efficiency grant Fund 2822	Emergency management grant Fund 2822	Senior exercise program Fund 2822
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	-	-	-	-	-
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	924
Total revenues	-	-	-	-	924
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	-	-	-	-	924
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	924
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	60
Transfers out	-760	-3,220	-40	-3,000	-
Total other financing sources (uses)	-760	-3,220	-40	-3,000	60
Net change in fund balance	-760	-3,220	-40	-3,000	60
Fund balance - July 1	760	3,220	40	3,000	-60
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015

	Seniors help bank Fund 2822	Fire department projects Fund 2822	Resident assistance Fund 2860	Open space Fund 2870	Bolton founders day Fund 2872
Assets					
Cash	\$ -	\$ -	\$ -	\$ 170,023	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	20,114	-	2,380
Total assets	-	-	20,114	170,023	2,380
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	20,114	-	-
Committed	-	-	-	170,023	2,380
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	20,114	170,023	2,380
Total liabilities and fund balance	\$ -	\$ -	\$ 20,114	\$ 170,023	\$ 2,380
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	354	-
Miscellaneous	-	-	3,419	10,737	-
Total revenues	-	-	3,419	11,091	-
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	-	-	7,000	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	7,000	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-3,581	11,091	-
Other financing sources (uses)					
Transfers in	-	-	2,377	-	-
Transfers out	-2,377	-754	-	-	-
Total other financing sources (uses)	-2,377	-754	2,377	-	-
Net change in fund balance	-2,377	-754	-1,204	11,091	-
Fund balance - July 1	2,377	754	21,318	158,932	2,380
Fund balance - June 30	\$ -	\$ -	\$ 20,114	\$ 170,023	\$ 2,380

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, 2015

	Conservation activities Fund 2873	Bentley memorial library Fund 2875	Economic development trust Fund 2880	Reimbursable building fees Fund 2988	Town aid roads Fund 2963
Assets					
Cash	\$ 75	\$ 30,704	\$ 3,141	\$ -	\$ 171,906
Investments	-	-	-	-	-
Accounts receivable	-	-	-	1,860	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	2,988	-	-	-	47,726
Total assets	3,063	30,704	3,141	1,860	219,632
Liabilities					
Accounts payable	-	-	-	537	-
Other liabilities	-	-	-	-	-
Due to other funds	-	555	-	1,542	-
Total liabilities	-	555	-	2,079	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	30,149	-	-	219,632
Committed	-	-	-	-	-
Assigned	3,063	-	3,141	-	-
Unassigned	-	-	-	-219	-
Total fund balance	3,063	30,149	3,141	-219	219,632
Total liabilities and fund balance	\$ 3,063	\$ 30,704	\$ 3,141	\$ 1,860	\$ 219,632
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 200,448
Charges for services	2,201	-	-	-	-
Interest income	-	36	3	-	-
Miscellaneous	-	1,483	-	4,944	-
Total revenues	2,201	1,519	3	4,944	200,448
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	1,723	555	-	5,163	12,381
Capital outlay	-	-	-	-	140,341
Total expenditures	1,723	555	-	5,163	152,722
Excess (deficiency) of revenues over (under) expenditures	478	964	3	-219	47,726
Other financing sources (uses)					
Transfers in	-	-	1,000	-	-
Transfers out	-	-	-	-430	-
Total other financing sources (uses)	-	-	1,000	-430	-
Net change in fund balance	478	964	1,003	-649	47,726
Fund balance - July 1	2,585	29,185	2,138	430	171,906
Fund balance - June 30	\$ 3,063	\$ 30,149	\$ 3,141	\$ -219	\$ 219,632

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, 2015

	Heritage farm Fund 2967	Recreation round Fund 2970	Dog fund Fund 2971	Maintenance escrow Fund 2990	Rental escrow Fund 2992
Assets					
Cash	\$ 48,181	\$ 220,096	\$ 22,644	\$ 13,219	\$ 7,584
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	150	-
Total assets	<u>48,181</u>	<u>220,096</u>	<u>22,644</u>	<u>13,369</u>	<u>7,584</u>
Liabilities					
Accounts payable	-	1,084	2,866	10,250	-
Other liabilities	-	8,370	-	-	-
Due to other funds	1,775	53,329	-	-	7,584
Total liabilities	<u>1,775</u>	<u>62,783</u>	<u>2,866</u>	<u>10,250</u>	<u>7,584</u>
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	46,406	157,313	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	19,778	3,119	-
Unassigned	-	-	-	-	-
Total fund balance	<u>46,406</u>	<u>157,313</u>	<u>19,778</u>	<u>3,119</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 48,181</u>	<u>\$ 220,096</u>	<u>\$ 22,644</u>	<u>\$ 13,369</u>	<u>\$ 7,584</u>
Revenues					
Intergovernmental	\$ 2,633	\$ -	\$ 723	\$ -	\$ -
Charges for services	-	106,224	2,156	-	7,650
Interest income	57	-	-	1	-
Miscellaneous	1,640	285	-	-	7,585
Total revenues	<u>4,330</u>	<u>106,509</u>	<u>2,879</u>	<u>1</u>	<u>15,235</u>
Expenditures					
Salary and wages	-	69,936	-	-	-
Program operating costs	5,850	50,082	2,203	-	7,650
Capital outlay	-	-	-	-	-
Total expenditures	<u>5,850</u>	<u>120,018</u>	<u>2,203</u>	<u>-</u>	<u>7,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-1,520</u>	<u>-13,509</u>	<u>676</u>	<u>1</u>	<u>7,585</u>
Other financing sources (uses)					
Transfers in	-	34,185	-	-	-
Transfers out	-	-	-	-	-7,585
Total other financing sources (uses)	<u>-</u>	<u>34,185</u>	<u>-</u>	<u>-</u>	<u>-7,585</u>
Net change in fund balance	-1,520	20,676	676	1	-
Fund balance - July 1	<u>47,926</u>	<u>136,637</u>	<u>19,102</u>	<u>3,118</u>	<u>-</u>
Fund balance - June 30	<u>\$ 46,406</u>	<u>\$ 157,313</u>	<u>\$ 19,778</u>	<u>\$ 3,119</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, 2015

	Special education excess costs Fund 2625	School lunch program Fund 2650	Idea Part B section 611 13-15 Fund 2651	Idea Part B section 611 14-16 Fund 2651	Idea Part B section 619 13-15 Fund 2651
Assets					
Cash	\$ 1	\$ 128,336	\$ 80,251	\$ -5,859	\$ -3,665
Investments	-	-	-	-	-
Accounts receivable	-	14,782	-	-	-
Inventories and prepaid items	-	4,698	-	-	-
Due from other funds	-	-	-	11,818	3,665
Total assets	<u>1</u>	<u>147,816</u>	<u>80,251</u>	<u>5,959</u>	<u>-</u>
Liabilities					
Accounts payable	-	-	829	-	-
Other liabilities	-	3,493	169	-	-
Due to other funds	-	106,018	79,253	-	-
Total liabilities	<u>-</u>	<u>109,511</u>	<u>80,251</u>	<u>-</u>	<u>-</u>
Fund balance					
Nonspendable	-	1,205	-	-	-
Restricted	1	37,100	-	5,959	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>1</u>	<u>38,305</u>	<u>-</u>	<u>5,959</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1</u>	<u>\$ 147,816</u>	<u>\$ 80,251</u>	<u>\$ 5,959</u>	<u>\$ -</u>
Revenues					
Intergovernmental	\$ 202,247	\$ 92,764	\$ 19,502	\$ 134,000	\$ 3,643
Charges for services	-	157,538	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	2,253	-	-	-
Total revenues	<u>202,247</u>	<u>252,555</u>	<u>19,502</u>	<u>134,000</u>	<u>3,643</u>
Expenditures					
Salary and wages	-	132,390	770	122,932	-
Program operating costs	202,247	106,006	18,772	5,109	3,693
Capital outlay	-	-	-	-	-
Total expenditures	<u>202,247</u>	<u>238,396</u>	<u>19,542</u>	<u>128,041</u>	<u>3,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>14,159</u>	<u>-40</u>	<u>5,959</u>	<u>-50</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-42	-	-	-	-
Total other financing sources (uses)	<u>-42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-42	14,159	-40	5,959	-50
Fund balance - July 1	<u>43</u>	<u>24,146</u>	<u>40</u>	<u>-</u>	<u>50</u>
Fund balance - June 30	<u>\$ 1</u>	<u>\$ 38,305</u>	<u>\$ -</u>	<u>\$ 5,959</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, 2015

	Idea Part B section 619 14-16 Fund 2651	Title I 13-15 Fund 2651	Title I 14-16 Fund 2651	Title II-A 13-15 Fund 2651	Title II-A 14-16 Fund 2651
Assets					
Cash	\$ -	\$ -5,128	\$ -4,773	\$ 12,198	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	98	5,202	2,798	-	461
Total assets	98	74	-1,975	12,198	461
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	12,198	-
Total liabilities	-	-	-	12,198	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	98	74	-	-	461
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-1,975	-	-
Total fund balance	98	74	-1,975	-	461
Total liabilities and fund balance	\$ 98	\$ 74	\$ -1,975	\$ 12,198	\$ 461
Revenues					
Intergovernmental	\$ 120	\$ 8,567	\$ 15,000	\$ 2,670	\$ 16,000
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	120	8,567	15,000	2,670	16,000
Expenditures					
Salary and wages	-	765	12,202	2,670	15,539
Program operating costs	22	7,994	4,773	-	-
Capital outlay	-	-	-	-	-
Total expenditures	22	8,759	16,975	2,670	15,539
Excess (deficiency) of revenues over (under) expenditures	98	-192	-1,975	-	461
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	98	-192	-1,975	-	461
Fund balance - July 1	-	266	-	-	-
Fund balance - June 30	\$ 98	\$ 74	\$ -1,975	\$ -	\$ 461

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, 2015

	Open choice program 13-14 Fund 2651	Open choice program 14-15 Fund 2651	Open choice capital 14-15 Fund 2651	Sheff settlement 14-15 Fund 2651	High quality schools 13-15 Fund 2651
Assets					
Cash	\$ 82,650	\$ -226,427	\$ -74,711	\$ -12,904	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	10,452	-	-	-
Due from other funds	-	379,059	74,711	16,394	-
Total assets	82,650	163,084	-	3,490	-
Liabilities					
Accounts payable	-	15,145	-	269	-
Other liabilities	-	-	-	2,399	-
Due to other funds	82,650	-	-	-	-
Total liabilities	82,650	15,145	-	2,668	-
Fund balance					
Nonspendable	-	10,452	-	-	-
Restricted	-	137,487	-	822	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	147,939	-	822	-
Total liabilities and fund balance	\$ 82,650	\$ 163,084	\$ -	\$ 3,490	\$ -
Revenues					
Intergovernmental	\$ -	\$ 562,735	\$ 74,711	\$ 146,376	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	31,500	-	-	-
Total revenues	-	594,235	74,711	146,376	-
Expenditures					
Salary and wages	8,321	166,320	-	131,138	-
Program operating costs	-	279,976	74,711	14,416	2,060
Capital outlay	-	-	-	-	-
Total expenditures	8,321	446,296	74,711	145,554	2,060
Excess (deficiency) of revenues over (under) expenditures	-8,321	147,939	-	822	-2,060
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-8,321	147,939	-	822	-2,060
Fund balance - July 1	8,321	-	-	-	2,060
Fund balance - June 30	\$ -	\$ 147,939	\$ -	\$ 822	\$ -

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, 2015

	School security 13-15 Fund 2651	PACT grant 14-15 Fund 2651	Eastconn team mentor 14-15 Fund 2651	ERASE grant 14-15 Fund 2651
Assets				
Cash	\$ -30,376	\$ 1,827	\$ 2,500	\$ 2,831
Investments	-	-	-	-
Accounts receivable	13,528	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	16,848	-	-	-
Total assets	<u>-</u>	<u>1,827</u>	<u>2,500</u>	<u>2,831</u>
Liabilities				
Accounts payable	-	-	-	980
Other liabilities	-	-	-	-
Due to other funds	-	1,812	2,500	1,851
Total liabilities	<u>-</u>	<u>1,812</u>	<u>2,500</u>	<u>2,831</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	15	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 1,827</u>	<u>\$ 2,500</u>	<u>\$ 2,831</u>
Revenues				
Intergovernmental	\$ 41,743	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	4,000	2,500	2,285
Total revenues	<u>41,743</u>	<u>4,000</u>	<u>2,500</u>	<u>2,285</u>
Expenditures				
Salary and wages	-	-	2,500	-
Program operating costs	-	3,985	-	2,285
Capital outlay	31,737	-	-	-
Total expenditures	<u>31,737</u>	<u>3,985</u>	<u>2,500</u>	<u>2,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,006</u>	<u>15</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10,006	15	-	-
Fund balance - July 1	<u>-10,006</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</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, 2015

	College pathways 14-15 Fund 2651	Medicaid reimbursements 14-15 Fund 2651	Prior years program balances Fund 2651	Totals
Assets				
Cash	\$ 1,291	\$ 63,722	\$ 117,822	\$ 864,735
Investments	-	-	-	-
Accounts receivable	-	-	-	62,331
Inventories and prepaid items	-	-	-	15,150
Due from other funds	-	-	18,368	661,747
Total assets	<u>1,291</u>	<u>63,722</u>	<u>136,190</u>	<u>1,603,963</u>
Liabilities				
Accounts payable	90	-	-	55,450
Other liabilities	-	121	-	14,552
Due to other funds	1,200	661	135,498	520,587
Total liabilities	<u>1,290</u>	<u>782</u>	<u>135,498</u>	<u>590,589</u>
Fund balance				
Nonspendable	-	-	-	11,657
Restricted	1	62,940	1,643	755,782
Committed	-	-	-	172,403
Assigned	-	-	-	76,677
Unassigned	-	-	-951	-3,145
Total fund balance	<u>1</u>	<u>62,940</u>	<u>692</u>	<u>1,013,374</u>
Total liabilities and fund balance	<u>\$ 1,291</u>	<u>\$ 63,722</u>	<u>\$ 136,190</u>	<u>\$ 1,603,963</u>
Revenues				
Intergovernmental	\$ -	\$ 12,290	\$ -	\$ 1,969,942
Charges for services	-	-	-	278,049
Interest income	-	-	-	506
Miscellaneous	1,850	-	-	78,205
Total revenues	<u>1,850</u>	<u>12,290</u>	<u>-</u>	<u>2,326,702</u>
Expenditures				
Salary and wages	-	-	-	665,483
Program operating costs	1,849	4,403	-	1,128,758
Capital outlay	-	-	-	296,053
Total expenditures	<u>1,849</u>	<u>4,403</u>	<u>-</u>	<u>2,090,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>7,887</u>	<u>-</u>	<u>236,408</u>
Other financing sources (uses)				
Transfers in	-	-	-	38,172
Transfers out	-	-	-	-48,418
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-10,246</u>
Net change in fund balance	1	7,887	-	226,162
Fund balance - July 1	<u>-</u>	<u>55,053</u>	<u>692</u>	<u>787,212</u>
Fund balance - June 30	<u>\$ 1</u>	<u>\$ 62,940</u>	<u>\$ 692</u>	<u>\$ 1,013,374</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, 2015

	David Taylor trust fund Fund 5199	Metcalf Cemetery trust fund Fund 5199	Phebe Talcott library trust Fund 5199	Elizabeth Steele library trust Fund 5199	Frank Sumner library trust Fund 5199
Assets					
Cash	\$ 1,447	\$ 868	\$ 177	\$ 852	\$ 5,193
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	12	7	1	7	43
Total assets	<u>1,459</u>	<u>875</u>	<u>178</u>	<u>859</u>	<u>5,236</u>
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Nonspendable	835	500	100	500	3,000
Restricted	624	375	78	359	2,236
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>1,459</u>	<u>875</u>	<u>178</u>	<u>859</u>	<u>5,236</u>
Total liabilities and fund balance	<u>\$ 1,459</u>	<u>\$ 875</u>	<u>\$ 178</u>	<u>\$ 859</u>	<u>\$ 5,236</u>
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services and fees	-	-	-	-	-
Interest and dividends	3	2	-	2	11
Miscellaneous	-	-	-	-	-
Total revenues	<u>3</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>11</u>
Expenditures					
Salary and wages	-	-	-	-	-
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>3</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>11</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3	2	-	2	11
Fund balance - July 1	<u>1,456</u>	<u>873</u>	<u>178</u>	<u>857</u>	<u>5,225</u>
Fund balance - June 30	<u>\$ 1,459</u>	<u>\$ 875</u>	<u>\$ 178</u>	<u>\$ 859</u>	<u>\$ 5,236</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, 2015

	Herrick library trust fund Fund 5199	Herrick park trust fund Fund 5199	Krutainis & Lacis school trust Fund 5203	Erna Loomis school trust Fund 5203	Totals
Assets					
Cash	\$ 34,147	\$ 118,081	\$ -	\$ -	\$ 160,765
Investments	-	-	206,862	25,021	231,883
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	281	972	-	-	1,323
Total assets	<u>34,428</u>	<u>119,053</u>	<u>206,862</u>	<u>25,021</u>	<u>393,971</u>
Liabilities					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Nonspendable	19,733	68,237	75,274	25,000	193,179
Restricted	14,695	50,816	131,588	21	200,792
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>34,428</u>	<u>119,053</u>	<u>206,862</u>	<u>25,021</u>	<u>393,971</u>
Total liabilities and fund balance	<u>\$ 34,428</u>	<u>\$ 119,053</u>	<u>\$ 206,862</u>	<u>\$ 25,021</u>	<u>\$ 393,971</u>
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services and fees	-	-	-	-	-
Interest and dividends	69	238	297	63	685
Miscellaneous	-	-	-	-	-
Total revenues	<u>69</u>	<u>238</u>	<u>297</u>	<u>63</u>	<u>685</u>
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	-	-	500	63	563
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>500</u>	<u>63</u>	<u>563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69</u>	<u>238</u>	<u>-203</u>	<u>-</u>	<u>122</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	69	238	-203	-	122
Fund balance - July 1	<u>34,359</u>	<u>118,815</u>	<u>207,065</u>	<u>25,021</u>	<u>393,849</u>
Fund balance - June 30	<u>\$ 34,428</u>	<u>\$ 119,053</u>	<u>\$ 206,862</u>	<u>\$ 25,021</u>	<u>\$ 393,971</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, 2015

	Capital reserve fund Fund 2960	School capital fund Fund 3452	Capital projects fund Fund 3521	Totals
Assets				
Cash	\$ -	\$ 268,172	\$ -	\$ 268,172
Investments	-	-	-	-
Accounts receivable	14,000	-	-	14,000
Inventories and prepaid items	-	-	-	-
Due from other funds	492,497	-	650,000	1,142,497
Total assets	<u>506,497</u>	<u>268,172</u>	<u>650,000</u>	<u>1,424,669</u>
Liabilities				
Accounts payable	5,573	-	-	5,573
Other liabilities	-	-	-	-
Due to other funds	18,773	199,877	551,646	770,296
Total liabilities	<u>24,346</u>	<u>199,877</u>	<u>551,646</u>	<u>775,869</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	482,151	68,295	98,354	648,800
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>482,151</u>	<u>68,295</u>	<u>98,354</u>	<u>648,800</u>
Total liabilities and fund balance	<u>\$ 506,497</u>	<u>\$ 268,172</u>	<u>\$ 650,000</u>	<u>\$ 1,424,669</u>
Revenues				
Intergovernmental revenues	\$ 14,000	\$ -	\$ -	\$ 14,000
Charges for services and fees	-	552,640	-	552,640
Interest and dividends	-	238	-	238
Miscellaneous	-	-	-	-
Total revenues	<u>14,000</u>	<u>552,878</u>	<u>-</u>	<u>566,878</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	103,145	551,001	-	654,146
Capital outlay	290,861	-	-	290,861
Total expenditures	<u>394,006</u>	<u>551,001</u>	<u>-</u>	<u>945,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-380,006</u>	<u>1,877</u>	<u>-</u>	<u>-378,129</u>
Other financing sources (uses)				
Transfers in	448,900	-	-	448,900
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>448,900</u>	<u>-</u>	<u>-</u>	<u>448,900</u>
Net change in fund balance	68,894	1,877	-	70,771
Fund balance - July 1	<u>413,257</u>	<u>66,418</u>	<u>98,354</u>	<u>578,029</u>
Fund balance - June 30	<u>\$ 482,151</u>	<u>\$ 68,295</u>	<u>\$ 98,354</u>	<u>\$ 648,800</u>

Town of Bolton, Connecticut
 Schedule of property taxes levied,
 collections, and outstanding balances
 For the year ended June 30, 2015

Grand list	Uncollected taxes 06/30/14	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2013	\$ -	\$ 15,328,386	\$ 61,790	\$ -245,869	\$ 15,144,307
2012	112,758	-	710	-1,938	111,530
2011	29,346	-	-	-	29,346
2010	8,247	-	-	-	8,247
2009	2,978	-	-	-	2,978
2008	1,538	-	-	-	1,538
2007	428	-	-	-	428
2006	91	-	-	-	91
2005	-	-	-	-	-
2004	-	-	-	-	-
2003	-	-	-	-	-
2002	-	-	-	-	-
2001	-	-	-	-	-
2000	-	-	-	-	-
1999	-	-	-	-	-
	<u>\$ 155,386</u>	<u>\$ 15,328,386</u>	<u>\$ 62,500</u>	<u>\$ -247,807</u>	<u>\$ 15,298,465</u>

Town of Bolton, Connecticut
 Schedule of property taxes levied,
 collections, and outstanding balances
 For the year ended June 30, 2015

Grand list	Collections during the fiscal year			Total	Adjustments	Uncollected taxes 06/30/15
	Taxes	Interest	Lien fees			
2013	\$ 15,032,264	\$ 46,033	\$ -	\$ 15,078,297	\$ -	\$ 112,043
2012	89,049	24,054	-	113,103	-1,685	20,796
2011	21,910	10,516	-	32,426	-209	7,227
2010	4,083	2,306	-	6,389	-356	3,808
2009	-	-	-	-	-220	2,758
2008	-	-	-	-	-217	1,321
2007	-	-	-	-	-	428
2006	-	-	-	-	-	91
2005	-	-	-	-	-	-
2004	-	-	-	-	-	-
2003	-	-	-	-	-	-
2002	-	-	-	-	-	-
2001	-	-	-	-	-	-
2000	-	-	-	-	-	-
1999	-	-	-	-	-	-
	<u>\$ 15,147,306</u>	<u>\$ 82,909</u>	<u>\$ -</u>	<u>\$ 15,230,215</u>	<u>\$ -2,687</u>	<u>\$ 148,472</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 revenues balance on Statement D, Statement E, or Sub-Schedule C. However, the following is a reconciliation of selected balances from this schedule to the amount shown on Statement D, Statement E, and Sub-Schedule C.

\$ 15,328,386	Current year taxes levied from page 64
82,909	Tax interest collections during the current fiscal year from above
-	Tax lien fee collections during the current fiscal year from above
-2,687	Account balance adjustments as items transferred to suspense from above
-	Account balance adjustments as items written off in accordance with state statutes
14,484	Suspense collections during the current fiscal year
62,500	Lawful correction increases made during the current fiscal year from page 64
-247,807	Lawful correction decreases made during the current fiscal year from page 64
2,829	The unearned tax revenue adjustment made as described in item number 2 on page 15
<u>\$ 15,240,614</u>	Property tax revenues per Statement D, Statement E and Sub-Schedule C

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 \$6,192 was collected on principal suspense tax balances owed and \$8,292 of interest on said balances. During the current fiscal year \$0 of lawful correction were made to accounts which had already been transferred to suspense. In addition, refunds in the amount of \$0 were given relating to suspense account balances.

Town of Bolton, Connecticut
Schedule of debt limitation
Connecticut General Statutes, Section 7-374 (b)
For the year ended June 30, 2015

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 15,240,614
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)	<u>30,409</u>
Total base	<u><u>\$ 15,271,023</u></u>

Debt limitation:	General purposes	Schools	Sewers	Urban renewal	Pension deficit
2 1/4 times base	\$ 34,359,802	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	68,719,604	-	-	-
3 3/4 times base	-	-	57,266,336	-	-
3 1/4 times base	-	-	-	49,630,825	-
3 times base	-	-	-	-	45,813,069
Total debt limitation	<u>34,359,802</u>	<u>68,719,604</u>	<u>57,266,336</u>	<u>49,630,825</u>	<u>45,813,069</u>

Indebtedness:

Bonds payable	1,064,750	10,950,250	-	-	-
Bonds authorized and unissued	30,236	3,700,669	-	-	-
Notes payable	-	24,215	-	-	-
Capital leases payable	15,086	98,021	-	-	-
Town portion of Bolton Lakes Regional Water Pollution Control Authority debt	-	-	8,712,197	-	-
Accrued compensated absences:					
School employees	-	25,318	-	-	-
Town employees	<u>291,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>1,401,608</u>	<u>14,798,473</u>	<u>8,712,197</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 32,958,194</u></u>	<u><u>\$ 53,921,131</u></u>	<u><u>\$ 48,554,139</u></u>	<u><u>\$ 49,630,825</u></u>	<u><u>\$ 45,813,069</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be \$106,897,161 which is well above the \$24,912,278 current amount of outstanding and authorized and unissued debt of the Town. The authorized but unissued bond amounts relating to the school as of June 30, 2015 are made up of \$3,697,805 for the current Bolton High School construction and renovation project and \$2,864 for facilities improvements. The Town authorized bonding for this construction and renovation project in the amount of \$26,150,000 to be reduced by project grants received. Bonds issued to date total \$12,695,000 with project grants received to date totaling \$9,757,195 leaving authorized and unissued bonds totaling \$3,697,805 relating to this construction project. The authorized but unissued bond amounts relating to general purpose items as of June 30, 2015 equal \$9,386 for facilities improvements, \$10,850 for an Aerial fire truck and \$10,000 for property acquisition. These authorized and unissued bond amounts have been included above due to the fact that the Town's interpretation that the reasons for excluding certain types of debt from inclusion in this schedule as outlined in the Connecticut General Statutes Section 7-374(b), do not apply to these items of authorized and unissued bond amounts.

Stephen T. Hopkins, CPA, PC

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Independent Auditors' Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

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 statement 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, 2015, 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 29, 2016, which contained unmodified opinions on the governmental activities, each major fund and the aggregate remaining fund information. 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. This adverse opinion is described in more detail in the Independent Auditors' Report which can be found on pages 1 and 2 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control.

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

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

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. We do consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiencies. These significant deficiencies are noted in the aforementioned schedule as item numbers 15-01 through 15-09.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Bolton, Connecticut's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bolton, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen T. Hopkins, CPA, PC

Stephen J. Hopkins, CPA, PC

Scarborough, Maine
March 29, 2016

Town of Bolton, Connecticut
Schedule of findings and questioned costs
June 30, 2015

15-01 - Accounting policies and procedures manual

Criteria and condition:

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.

At the completion of the audit I was provided with a copy of a document labeled - Town of Bolton Connecticut Policies and Procedures Manual (Proposed) Draft Document. 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. 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, it does not appear as though the manual was ever approved nor does it appear as though the manual has been updated in the last several years. It also 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. The only account that the manual appears to address from a reconciliation point of view are the bank accounts of the Town. Though it is important to have a bank reconciliation policy in place, the current policy does not address the time period in which each account reconciliation should be prepared and reviewed after the applicable period end date. One of the main goals of bank reconciliations is to determine whether or not there are any transactions that have either physically occurred or been recorded in the town's trial balance which are either incorrect or irregular in nature and to research and or correct them in a timely manner. With no time frame referenced in the current policy, there is no assurance that any such items will be detected and or corrected in a timely manner thus providing no assurance that the financial balances of the town at any point in time are accurate and present the true financial picture of the Town. There are no sections within the manual addressing the reconciliation requirements for other asset and liability accounts of the Town such as taxes and other receivables, due to and due from accounts, accounts payables and other payroll withholding accounts. Without a policy in place describing the required reconciliation procedures for these other asset and liability accounts there is no assurance that either the reconciliations are being completed or that the balances as shown on the trial balance are accurate. In addition, there is no section addressing the documentation of revenue and expenditure account detail reviews to ensure that transactions are not mis-posted nor is there any section outlining how the Town will track and account for capital asset purchases and disposals. Though the Town does have an unapproved policies and procedures manual, it would appear that in its current form it is incomplete in regard to certain aspects as mentioned above. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context and effect:

This type of manual is used to provide a general description of the functions and duties of all personnel involved in the accounting, cash receipting, and bill paying system of the Town. The manual is also used to document the specific steps to be used in all accounting functions such as the processing of cash disbursements, the recording and deposit of cash receipts, the steps necessary to process payroll and to be followed in reconciling certain accounts of the Town. The two main goals of developing and adequately documenting an effective set of accounting policies and procedures is to provide reasonable assurance that the Town's specific objectives will be achieved and to set up a system of internal controls, checks and balances which safeguard the assets of the Town.

Cause and recommendation:

The manual has not been updated or approved because of personnel turnover in the Finance Department including the CFO. Additionally, in 2014 the Town acquired a new financial management system which is shared with the Board of Education. Implementation of this system was delayed because of turnover with the CFO position. We do recommend that the manual continue to evolve and implement some of the items noted above that don't appear to have been adequately addressed at this time. In addition, we recommend that all of the policies and procedures within this manual be followed and documented and that periodically a designated individual outside of the municipal finance office review and document the completion of these procedures to ensure that they are being followed and effectively applied.

Views of responsible officials and planned corrective actions:

As had been stated in previous audit reports, the Town recognizes the importance of implementing and continuously updating a policy and procedures manual. The Town plans to update the manual and present for approval to the Board of Selectmen during the 2017 fiscal year, once the software system has been fully implemented.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-02 - 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 agency 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.

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:

The Board of Education presented a list of accounts for review and discussion with the Board of Selectmen. It is expected that this process will be finalized before June 30, 2016.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-03 - Capital assets and inventory record keeping

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 and the Board of Education implemented a new financial management system and a new chart of accounts during the current fiscal year. The implementation of the new chart of accounts was designed to follow the parameters prescribed by the State of Connecticut Office of Policy and Management. Seemingly as a result of the additional work required during this implementation process, the finance department of the Town did not update its capital assets listing for current fiscal year additions, deletions and depreciation amounts. As a result, accurate capital asset balances would not be known to the Town during the current fiscal year and most likely not until the completion of the annual audit. We do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

The Town is required to report capital assets in its financial statements in accordance with generally accepted accounting principles. As such, annual capital asset additions, deletions, depreciation amounts and balances would be reported in the financial statements and disclosed in the notes to the financial statements. 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. During the current fiscal year, the Town's capital assets listing was not updated to reflect the current fiscal year activity nor was information relating to the current fiscal year activity forwarded by the finance department of the Town or the Board of Education as part of the audit. As a result, during the current fiscal year the only items capitalized consisted of those items noted during the audit. The only way to record these current year additions would be to scan the cash disbursements journal for items in excess of these capitalization threshold amounts and then select the invoices to determine whether they meet the definition of a capital asset and in turn whether or not they should be capitalized. However, this process is not entirely adequate in determining whether any capital assets were disposed of during the current fiscal year. This procedure does however fall outside the scope of the current audit. In regard to other inventory items not meeting the \$5,000 capitalization threshold, the Town should have a system in place to keep track of certain items that may need to be replaced in the future.

Effect and cause:

Without the capital assets listing being updated throughout the fiscal year, is difficult for the Town to have an accurate financial picture in relation to their current capital assets potential future needs. As a result, there can be no reasonable assurance present that the Town's specific objectives are being achieved both in the short term and in the long term. This condition would seemingly have been the result of the additional work required during the aforementioned financial management system implementation process.

Recommendation:

As this implementation process is completed, we recommend that the Town utilize the capital assets module which is available within it new financial management system to not only track capital assets which meet the Town's current capitalization thresholds but other inventory items which also may fall below these thresholds but which may need to be replaced in the future.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and expects to implement during the 2017 fiscal year.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-04 - Remaining Town grant and award balances

Criteria:

The Town receives a number of grants and awards from a number of different funding sources for a number of different purposes. The responsibility of the Town is to spend and account for these grants and awards in such a way as to both ensure that the funds are being used as prescribed in the funding agreement and also to ensure that the use and burden on Town resources is as reasonable and necessary as possible. One way to lessen the burden on Town resources would be to have an adequate system of internal controls in place to ensure that those charged with the spending and reporting of grants and award balances work effectively with the finance department of the Town to ensure that these expenditures are being accurately reflected within the financial management system of the town.

Condition:

The Town uses an internal fund within its financial management system to account for the revenues and expenditures of certain state, federal and other grant and award agreements. The activity of these grants and awards are accounted for separately from the general fund so that the expenditures being recorded within the general fund reflect the true operating costs of the Town. Grants and awards are often received to fund projects which fall outside of these true operating costs and therefore the revenues and expenditures are tracked separately as described above. The Town does appear to have an adequate system of internal controls in place to ensure that these grant and award balances are being used as prescribed in the funding agreement and that they are being accurately reflected within the financial management system of the Town. However, a review of the activity and balances within this separately reported internal fund showed that during the current fiscal year a number of prior fiscal year remaining grants and award balances were transferred to the general fund in an amount material to the non-major governmental funds opinion unit. Through conversations with members of management the understanding was that these remaining grants and award balances had indeed been expended though the applicable expenditures had been posted to the general fund rather than this separate internal fund. As part of the audit, the Town did not provide any detailed backup documentation showing that these balances had indeed been expended in prior fiscal years for their intended purposes nor were they able to provide any information from the original awarding agencies stating that they approved the transfer of these funds. We do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context and effect and cause:

Grants and awards are usually received to fund specific programs or projects and as such a reporting of this activity is often required to be submitted to the funding source to ensure that the funds have been expended in the manner in which they were prescribed in the grant or award agreement. If expenditures are not being posted directly to the specific grants and awards during the processing of payroll and accounts payable it would appear difficult to have any reasonable level of assurance that the grants and awards are being expended as prescribed in the applicable agreements. It would also appear difficult to be able to accurately report these expenditures to funding sources when they are not being posted directly to an account or fund specifically designed to track and account for these types of expenditures. I was unable to determine why the expenditures relating to these prior fiscal year grants and award balances were not posted directly to this internal fund.

Recommendation:

We recommend that the Town attempt to more closely adhere to the internal control procedures already in place regarding the accounting for the revenues and expenditures relating to these specific grant and award agreements to minimize the possibility of any future remaining grant and award balances as described above. Any remaining balances that do present themselves should be researched immediately and any necessary adjustments should be made within the financial accounting system.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding. The new system has been configured to reflect this comment.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-05 - The timely preparation of monthly bank account reconciliations

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 and the Board of Education implemented a new financial management system and a new chart of accounts during the current fiscal year. The implementation of the new chart of accounts was designed to follow the parameters prescribed by the State of Connecticut Office of Policy and Management. Seemingly as a result of the additional work required during this implementation process, the bank reconciliations performed by the Town were not prepared in a timely manner. Therefore, there could be no reasonable level of assurance during the current fiscal year that the cash balances being reported on the trial balances of the Town were accurate. We do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

The Town has a number of bank accounts for which monthly account reconciliations are prepared. In the past, bank reconciliations were performed as part of two separate semi-manual processes. The Town Treasurer would perform monthly reconciliations on each bank account which consisted of comparing the reported expenditure and deposit activity to that which was reflected on the bank statements. These reconciliations were dated though they did not specifically document any comparison of the bank statement balances to the general ledger balances. The finance office would also prepare monthly reconciliations on each bank account which did consist of comparing the actual bank statement balances to the general ledger balances though they were not dated. Together these two separate but connected reconciliation processes did appear adequate. Since the cash accounts of the Town represent assets of the Town, certain internal controls should be in place and followed in order to ensure the safeguarding of these assets. The Town does appear to have an adequate system of internal controls in place regarding bank account reconciliations. However, during the current fiscal year a review of the monthly bank reconciliations indicated that they were not followed in a timely manner. An emphasis on the timely manner of bank reconciliations attempts to provide a reasonable level of assurance that any errors or differences that may be present between the bank statements and the trial balance can be detected and corrected in a timely manner.

Effect and cause:

Without monthly bank reconciliations being prepared in a timely manner, it is difficult to provide that a reasonable level of assurance was present that an accurate financial picture of the assets of the Town was available at all times during the current fiscal year. Without an accurate financial picture, there can be no reasonable level of assurance present that the Town's specific objectives are being achieved or that its' specific assets are being safeguarded. This condition would seemingly have been the result of the additional work required during the aforementioned financial management system implementation process.

Recommendation:

As this implementation process is completed, we recommend that the Town utilize the bank reconciliation module within the new financial management system to prepare all Town bank account reconciliations rather than continuing to utilize two semi-manual processes. We also recommend that an emphasis be place on preparing the bank reconciliations in a timely manner and that all completed bank reconciliations be signed and dated by the individual preparing them and then be forwarded to an individual outside of the transaction processing function for reviews which would also be signed and dated by the individual reviewing them.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and plans to fully implement the automated system during the 2017 fiscal year.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-06 - The timely posting of physical and electronic deposits to the trial balance

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 and the Board of Education implemented a new financial management system and a new chart of accounts during the current fiscal year. The implementation of the new chart of accounts was designed to follow the parameters prescribed by the State of Connecticut Office of Policy and Management. Seemingly as a result of the additional work required during this implementation process, not all of the physical deposits made by the finance office of the Town or the electronic payments received and directly posted to the bank statements of the Town were posted to the trial balances of the Town in a timely manner. Therefore, there could be no reasonable level of assurance during the current fiscal year that the cash balances being reported on the trial balances of the Town were accurate. We do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

The Town has a number of activities for which funds are collected by different departments and then forwarded to the finance department for deposit and posting to the trial balance. The individual departments are responsible for providing the finance department with adequate documentation so that the funds can be deposited into the correct bank account and so that those deposits can be posted to the correct accounts within the trial balance. The documentation provided by the individual departments should provide an adequate level of assurance that the funds collected by each department are being forwarded to the finance office for deposit and posting in a timely manner. The financial management system of the Town assigns each posted transaction with a sequential transaction number regardless of the posting date used for each transaction. This system feature is in part designed to provide a reasonable level of assurance that transactions are being posted to the trial balance in a timely manner. Since the deposits of the Town represent assets of the Town, certain internal controls should be in place and followed in order to ensure the safeguarding of these assets. The Town does appear to have an adequate system of internal controls in place regarding the processing and posting of deposits. However, during the current fiscal year a comparison of the transaction numbers within the trial balances to the actual deposit dates on the bank statements indicated that they were not followed in a timely manner. An emphasis on the timely manner of bank deposit postings to the trial balance attempts to provide a reasonable level of assurance that the cash balances of the Town as reflected within the trial balances of the Town are as accurate as possible during the fiscal year.

Effect and cause:

Without bank deposits being posted to the trial balance in a timely manner, it is difficult to provide that a reasonable level of assurance was present that an accurate financial picture of the assets of the Town was available at all times during the current fiscal year. Without an accurate financial picture, there can be no reasonable level of assurance present that the Town's specific objectives are being achieved or that its' specific assets are being safeguarded. This condition would seemingly have been the result of the additional work required during the aforementioned financial management system implementation process.

Recommendation:

As this implementation process is completed, we recommend that the Town attempt to more closely adhere to the internal control procedures already in place regarding the timely posting of physical bank deposits and electronic bank deposits to the trial balance.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and has a system in place to correct this during the 2016 fiscal year.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-07 - The recording of prepaid items

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:

Prepaid items are generally related to the payment for goods or services before they are received. The government-wide financial statements report prepaid items as assets until the goods or services are received and an expense is recognized. Governmental fund expenditures for goods or services extending over more than one accounting period do not need to be allocated between or among accounting periods but may be accounted for as expenditures of the period of acquisition. The key to this governmental fund definition is when expenditures extend over more than one accounting period. As a result, expenditures which are paid for in the current period but which do not benefit the current period should not be allocated to the current period. During the current fiscal year, Board of Education invoices meeting the governmental fund definition of prepaid expenditures in an amount material to the non-major governmental funds opinion unit were posted as current fiscal year expenditures. We do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

Expenditures related to grants and awards are required to be administered in accordance with certain compliance requirements ranging from reporting requirements to budgetary compliance requirements to the period of benefit of the services in comparison to the period of the grant or award requirements. Expenditures allocated to grants and awards are subject to audit and adjustment by the grantor agencies. Therefore, any expenditures allocated to grants and awards not meeting the applicable compliance requirements may result in refunds being due to the grantor agencies thus impairing certain assets of the Town. The Board of Education does appear to have an adequate system of internal controls in place regarding the posting of expenditures to the correct period. However, during the current fiscal year a sample of expenditures relating to grants and awards received by and administered by the Board of Education was tested in part to determine that they were posted to the correct period. It was determined that five individual invoices for service and maintenance contracts which did not begin until after the end of the current fiscal year and thus meeting the definition of prepaid expenditures were posted to the current fiscal year. The dollar value of these individual invoices were in an aggregate amount which was material to the non-major governmental funds opinion unit.

Effect and cause:

Without all grant and award expenditures being allocated and reported to funding sources in accordance with all applicable compliance requirements and in turn rules and regulations, it is difficult to be confident that an accurate financial picture of the non-impaired assets of the Town is available as of the end of the current fiscal year. Without an accurate financial picture there can be no reasonable assurance present that the Town's specific objectives are being achieved or that its' specific assets are being safeguarded. I was unable to determine why these five individual invoices for service and maintenance contracts which did not begin until after the end of the current fiscal year were posted to the current fiscal year.

Recommendation:

We recommend that the Board of Education attempt to more closely adhere to the internal control procedures already in place regarding the posting of expenditures to the correct period. We also recommend that the Board of Education review any previously submitted reports which included these amounts to determine if any revisions may be required.

Views of responsible officials and planned corrective actions:

The Town will work with the Board of Education to rectify this issue and develop written procedures.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-08 - The processing of invoices through accounts payable

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 and the Board of Education implemented a new financial management system and a new chart of accounts during the current fiscal year. The implementation of the new chart of accounts was designed to follow the parameters prescribed by the State of Connecticut Office of Policy and Management. Seemingly as a result of the additional work required during this implementation process, a number of invoices were processed by the Town finance department through accounts payable which were either not accompanied by a request for payment distribution form containing the approving signature or which did not contain the approving signature on the actual invoice. Without approving signatures accompanying all invoices processed through accounts payable, there can be no reasonable level of assurance that the goods or services were actually received. We do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

The Town utilizes a request for payment disbursement authorization system whereby a standard form is filled out and attached to each invoice. The form transfers the vendor payment information, a description of the purchase, the account numbers to post the expenditure to and the approving signature and date of the individual authorizing the disbursement. Occasionally invoices are processed without this request for payment form though they would normally contain the approving signature and account distribution on the actual invoice. The Town does appear to have an adequate system of internal controls in place to ensure that invoices processed through accounts payable are accompanied by adequate backup documentation and include the appropriate approving signatures. However, a review of a sample of cash disbursements made during the current fiscal year by the Town indicated that a number of invoices were actually processed by the Town finance department through accounts payable that were not accompanied by adequate backup documentation and that did not include the appropriate approving signatures. Our basis for the determination as to whether invoices submitted for payment were accompanied by adequate documentation related to the comparison of the form and content of invoices submitted and reviewed during the aforementioned cash disbursements test. Our basis for the determination as to whether the appropriate approving signatures were included was simply based on whether a request for payment distribution authorization form was approved and attached to each invoice or whether the approving signatures were included on the face of the invoice.

Effect and cause:

Without adequate backup documentation and approving signatures accompanying all invoices processed through accounts payable, there can be no reasonable level of assurance that the goods or services for which invoices were processed were actually received or that they were paid through the correct financial management system module. This condition would seemingly have been the result of the additional work required during the aforementioned financial management system implementation process.

Recommendation:

As this implementation process is completed, we recommend that the Town attempt to more closely adhere to the internal control procedures already in place regarding the inclusion of approving signatures on all invoices submitted for payment. We also recommend that a standard expectation be created relating to what is expected to be submitted by vendors for payment for goods and services and apply that expectation across all of the vendors of the Town.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and is reviewing all internal processes as the new financial management system is fully implemented.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2015

15-09 - Cash disbursement account postings

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:

As part of the Town expenditure and internal control testing for the current fiscal year audit, a number of invoices were requested to be pulled in order to review of a number of items. These reviewed items included but were not limited to whether the invoices were posted to the correct accounting period, whether the correct amount was being paid, whether items were being paid from actual invoices, whether items were being posted to the appropriate expenditure account and whether or not individual invoices were initialed as being approved. During this review it was noted that a number of invoices for services being provided by vendors to the Bolton Lakes Regional Water Pollution Control Authority were being paid by the Town and posted to Town departmental budgeted expenditure line items. A review of the approved annual budget for the current fiscal year did not seem to note any specific departments to post these expenditures to nor did it seem to note that these related organization invoices would be included within the Town departmental budgeted expenditures line items. As a result of the fact that we were unable to determine whether these related organization invoices were intended to be included within the Town departmental budgeted expenditure line items we do consider this condition to have represented a significant deficiency in internal controls over financial reporting during the current fiscal year.

Context:

The Bolton Lakes Regional Water Pollution Control Authority is a legally separate organization for which the Towns of Bolton and Vernon are members. During previous fiscal years the Town would pay the annual auditing and insurance invoices for the Authority and they were posted to the applicable Town departmental budgeted expenditure line items. However, as part of the audit and based on the direction provided by the finance department of the Town these expenditures were reclassified from the expenditure line items to a receivable account with the intent that the funds would either be repaid to the Town in the future or they would be used to reduce future Town appropriations to the Authority. During the current fiscal year this accumulated receivable balance due from the Authority was written off by the Town and recorded as bad debt expense within the financial statements. In addition to the above noted invoices it was also determined that the financial and administrative staff of the Town do incur costs to varying degrees and amounts related to the accounting and administrative functions of the Authority which are posted as normal costs to the town payroll expenditure line items. Though it does appear reasonable that the Town would pay certain invoices and incur certain payroll costs related to the Authority given its relationship to the organization, we were unable to locate any documented direction, motion or acknowledgment from either the Board of Selectmen or the Board of Finance that these expenditures were indeed intended to be included within the Town operating budget.

Effect and cause:

Without being able to determine whether these related organization costs are indeed intended to be included within the Town operating budget it creates a situation where it appears that the true operating costs of the Town are not being reflected within the annual financial statements and thus the users of these financial statements may not have an accurate financial picture of the Town. It would appear as though this current situation has resulted in part due to the fact that the previous fiscal years expenditures of the Authority paid by the Town had always appeared to have been reclassified to a receivable account.

Recommendation:

We recommend that the Board of Selectmen and or the Board of Finance make an official motion within a meeting acknowledging that the aforementioned related organization costs of the Bolton Lakes Regional Water Pollution Control Authority are indeed intended to be including within the Town operating budget.

Views of responsible officials and planned corrective actions:

The Town intends to incorporate a motion by either the Board of Selectmen or the Board of Finance into a meeting addressing this situation.

Stephen T. Hopkins, CPA, PC

Auditing, Accounting, and Consulting Services

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

Independent Auditors Report on Compliance for each major state program 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, 2015. The Town of Bolton, Connecticut's major state programs are identified in the summary of auditor's 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, 2015.

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 purposes.

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, 2015, 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 29, 2016, which contained unmodified opinions on the governmental activities, each major fund and the aggregate remaining fund information. 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. This adverse opinion is described in more detail in the Independent Auditors' Report which can be found on pages 1 and 2 of the financial statements. 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 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 financial statements as a whole.

Stephen T. Hopkins, CPA, PC

Stephen J. Hopkins, CPA, PC

Scarborough, Maine
March 29, 2016

Town of Bolton, Connecticut
Schedule of expenditures of state financial assistance
For the year ended June 30, 2015

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
<u>Office of Policy and Management:</u>		
Payment in lieu of taxes (PILOT) on state owned property	11000-OPM20600-17004-2015	\$ 42,490
Disabled program	11000-OPM20600-17011-2015	783
Property tax relief for elderly and totally disabled homeowners	11000-OPM20600-17018-2015	30,409
Property tax relief for veterans	11000-OPM20600-17024-2015	5,220
Local capital improvement program	12052-OPM20600-40254-2015	14,000
Municipal purposes & projects	12052-OPM20600-43587-2015	23,380
Municipal reimbursement & revenue account	12060-OPM20600-35525-2015	25,302
<u>Department of Education:</u>		
Sheff settlement	11000-SDE64370-12457-2015	145,554
Child nutrition program	11000-SDE64370-16211-2015	2,518
Adult education	11000-SDE64370-17030-2015	3,931
School breakfast program	11000-SDE64370-17046-2015	6,166
Open choice program	11000-SDE64370-17053-2015	454,619
Open choice capital	11000-SDE64370-43583-2015	74,711
High quality schools start-up	12052-SDE64370-43538-2015	2,060
<u>Connecticut State Library:</u>		
State Grants to Public Libraries	11000-CSL66051-17003-2015	1,158
Connecticard Payments	11000-CSL66051-17010-2015	1,013
Historic documents preservation grant	12060-CSL66094-35150-2015	5,000
<u>Department of Transportation:</u>		
Bus operations	12001-DOT57931-12175-2015	17,241
Town aid road grants	12052-DOT57131-43455-2015	152,723
<u>Department of Environmental Protection:</u>		
Small town economic assistance program (STEAP)	12052-DEP43720-40531-2015	39,020
Small town economic assistance program (STEAP) Passed through to the Bolton Lakes Regional Water Pollution Control Authority	12052-DEP43720-40531-2015	212,204
<u>Department of Emergency Services and Public Protection</u>		
Small town economic assistance grant		
School security competitive grant program	12052-DPS32183-43546-2015	41,743

Town of Bolton, Connecticut
Schedule of expenditures of state financial assistance (continued)
For the year ended June 30, 2015

State grantor/pass through Grantor/program title	State grant program Core-CT number	Expenditures
<u>Other Departments miscellaneous awards:</u>		
FAD - Temporary holding account	34003-DCP39930-42350-2015	\$ 9
Other expenses	11000-DRS16312-10020-2015	40
FAD - Temporary holding account	34003-DAG42630-42350-2015	723
Non-budgeted operating appropriations	34001-JUD95162-40001-2015	3,819
Total State Financial Assistance before exempt programs		1,305,836
Exempt Programs		
<u>State Department of Education:</u>		
Transportation for school children	11000-SDE64370-17027-2015	31,652
Education equalization grants program 82010	11000-SDE64370-17041-2015	3,061,138
Special Education excess costs	11000-SDE64370-17047-2015	202,247
<u>Office of Policy and Management:</u>		
Mashantucket Pequot Grant	12009-OPM20600-17005-2015	20,238
Total Exempt Programs		3,315,275
Total Expenditures of State Financial Assistance		\$ 4,621,111

Town of Bolton, Connecticut
Notes to Schedule of expenditures of state financial assistance
For the year ended June 30, 2015

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Bolton, Connecticut 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.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Bolton, Connecticut conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

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, whereas, 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 Schedule of expenditures of state financial assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), 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.

Town of Bolton, Connecticut
 Schedule of findings and questioned costs
 For the year ended June 30, 2015

I. Summary of Audit Results

Financial Statements

Type of auditor's report issued: Modified

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 Unmodified

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> </u> | yes | <u>X</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 \$1,305,836, 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 the larger of \$200,000 or two percent (2%) of the nonstate entity's total nonexempt state financial assistance program expenditures. The Town of Bolton has two Type A programs for the current fiscal year based on the \$200,000 dollar threshold and therefore all of its remaining programs would be considered Type B programs. The Town has seven 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 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 Type A programs were both determined to be high-risk and therefore were audited as major programs. Two of the seven Type B programs for which a risk assessment was required were determined to be high-risk and therefore were audited as a major programs. The total non-exempt state financial assistance expended by the Town for the current audit period was \$1,305,836. The programs tested as major and shown below represent approximately 71% of the total non-exempt state financial assistance expended.

State grantor and program	State grant program Core-CT number	Expenditures
Open choice program	11000-SDE64370-17053-2015	\$ 454,619
Small town economic assistance program (STEAP)	12052-DEP43720-40531-2015	251,224
Town aid road grants	12052-DOT57131-43455-2015	152,723
Open choice capital	11000-SDE64370-43583-2015	74,711
		<u>\$ 933,277</u>
• Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 200,000</u>

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
For the year ended June 30, 2015

II. Financial Statement Findings

- We issued our report, dated March 29, 2016, 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*.
- Our report on internal control over financial reporting indicated nine significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs referenced to as item numbers 15-01 through 15-09 starting on page 69. We do not consider any of these significant deficiencies to be material weaknesses.
- Our report on compliance and other matters indicated no reportable instances of noncompliance.

III. State Financial Assistance Findings and Questioned Costs

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