

Town of Bolton, Connecticut

State Compliance Audit

June 30, 2020

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

Town of Bolton, Connecticut

June 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Single Audit Act (C.G.S. Sections 4-230 to 236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the Town of Bolton, Connecticut, as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

The Town accounts for certain risk financing activities within an internal service fund. Accounting principles generally accepted in the United States of America generally provide that the total charges by an internal service fund to other funds be based on an actuarial method or historical cost information and adjusted over a reasonable period of time so that internal service fund revenues and expenses are approximately equal. The internal service fund of the Town has had annual surpluses in each of its six years of existence and the current accumulated surplus within the fund as of June 30, 2020 of \$197,618 exceeds both the annual internal charges as well as the annual expenses of the fund. In addition, the Town does not have a written net position policy in relation to this internal service fund outlining reasonable net position provisions for expected future catastrophe losses.

Qualified Opinion on the Aggregate Remaining Fund Information

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Remaining Fund Information” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate remaining fund information of the Town of Bolton, Connecticut, as of June 30, 2020, in relation to the accounting for internal service fund activities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Bolton, Connecticut, as of June 30, 2020, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2021, on our consideration of the Town of Bolton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bolton, Connecticut's internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC

Stephen J. Hopkins, CPA, PC

Scarborough, Maine
February 27, 2021

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2020

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, 2020. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements.

Financial Highlights - Government-wide financial statements

- The Town's total assets exceeded its total liabilities by \$39,271,113 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$37,907,374. This represents an increase of \$1,363,739 or approximately 3.60%.
- 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 \$32,869,730 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$32,269,918. This represents an increase of approximately 1.86% which is the result of a decrease in the related long-term debt of \$821,011, current depreciation in the amount of (\$1,851,524) and current capital asset additions in the amount of \$1,630,325. The current fiscal year capital asset additions included school technology purchases in the amount \$299,575, new town software and technology purchases in the amount of \$31,213, a new buildings and grounds pickup truck in the amount of \$40,171 and a new community services passenger van in the amount of \$33,756, current year new public works garage costs in the amount of \$444,264 and current year paving and related costs in the amount of \$433,478 which are classified as infrastructure capital assets as well as a number of other capital asset items.
- The Town's restricted net position is used to account for funds received with constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. This net position *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net position balance of the Town was \$3,060,672 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$2,781,154. This represents an increase of approximately 10.05%. 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 6.
- The Town's unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Town was \$3,340,711 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$2,856,302. This represents an increase of approximately 16.96%. Unrestricted net position is calculated by subtracting the known net investment in capital assets balance and the restricted net position balance from the known total net position balance.
- The Town's total revenues for its governmental activities were \$26,868,825 for the current fiscal year. This compares to the prior fiscal year balance of \$24,736,941. This represents an increase of \$2,131,884 or approximately 8.62%. The Town's total expenses for its governmental activities were \$25,505,086 for the current fiscal year. This compares to the prior fiscal year balance of \$23,572,868. This represents an increase of \$1,932,218 or approximately 8.20%. Additional information on these changes can be seen on the revenue and expense comparison on page 7 and the budget to actual statement on pages 17 and 18.

Using this annual report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of net position and the Statement of activities which are shown on pages 11 and 12 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 13 and 15 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. Budget to actual information is reported in these fund financial statements for the general fund on pages 17 and 18. The proprietary fund financial statements consist of a Statement of net position, a Statement of revenues, expenses and changes in net position and a Statement of cash flows which are shown on pages 19 through 21. The proprietary activities of the Town are accounted for within an internal service fund which to account for the self funding dental and other health reimbursement arrangement (HRA account) activities. The final 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 which only operates in an agency fund capacity which can be found on page 22.

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2020

Reporting the Town as a whole

Our analysis of the Town as a whole begins on page 11 with the Statement of net position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal years activities?" The statement of net position and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. The statement of net position includes all of the assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities. These two statements report the Town's net position and the changes in this net position. You can think of this net position as one way to measure the financial health and financial position of the Town. The net position balance is made up of the difference between the assets and liabilities of the Town. Over time, increases and decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town, and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type, and discretely presented component units. The Town's activities are classified solely as governmental activities and are characterized as follows:

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

Reporting the Town's most significant funds

Our analysis of the Town's major funds begins on page 13 with the Balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of Finance and the Board of Selectmen of the Town have the authority to establish many other funds which it uses to help control and manage money for particular purposes (such as the cafeteria fund or the recreation round fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for educational grants). The Town uses governmental funds which are characterized as follows:

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

Reporting the Town's other funds - Proprietary funds

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

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2020

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 trustee are agency funds. Agency funds are used to report resources held by the Town in a purely custodial capacity in which assets equal liabilities. Town agency funds consist of building, planning and zoning performance bonds held by the Town until certain requirements have been met 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 5.15 to 1 compared to the end of the prior fiscal year when the current ratio was 4.21 to 1. This current and prior fiscal year ratio is considered strong.

	Governmental Activities		Percentage of Total	
	2020	2019	2020	2019
Current assets	\$ 8,998,940	\$ 8,339,454	17.33%	16.14%
Other assets	530,916	704,881	1.02%	1.36%
Capital assets	42,401,867	42,623,066	81.65%	82.50%
Total assets	<u>51,931,723</u>	<u>51,667,401</u>	<u>100.00%</u>	<u>100.00%</u>
Deferred outflows of resources	570,644	415,496	100.00%	100.00%
Current and other liabilities	1,747,459	1,981,719	13.27%	14.02%
Long-term liabilities outstanding	11,417,000	12,150,856	86.73%	85.98%
	<u>13,164,459</u>	<u>14,132,575</u>	<u>100.00%</u>	<u>100.00%</u>
Deferred inflows of resources	66,795	42,948	100.00%	100.00%
Net position:				
Net Investment in capital assets	32,869,730	32,269,918	83.70%	85.13%
Restricted	3,060,672	2,781,154	7.79%	7.34%
Unrestricted	3,340,711	2,856,302	8.51%	7.53%
	<u>\$ 39,271,113</u>	<u>\$ 37,907,374</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net position:				
Expendable:				
Restricted educational grants and programs	\$ 85,327	\$ 76,589		
Restricted town grants and programs	24,737	44,718		
Committed town capital funds	2,236,196	1,928,492		
Committed town special revenue funds	495,745	497,338		
Non-principal portion of permanent funds	78,690	75,508		
	<u>2,920,695</u>	<u>2,622,645</u>		
Non-expendable:				
Inventory	6,832	6,756		
Prepaid expenses	15,240	33,848		
Principal portion of permanent funds	117,905	117,905		
	<u>139,977</u>	<u>158,509</u>		
	<u>\$ 3,060,672</u>	<u>\$ 2,781,154</u>		

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2020

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	
	2020	2019	2020	2019
Program revenues				
Charges for services	\$ 1,235,625	\$ 1,272,548	4.60%	5.14%
Operating grants and contributions	6,929,279	5,511,864	25.79%	22.28%
Capital grants and contributions	640,342	282,266	2.38%	1.14%
General revenues				
Property taxes, interest, and liens	17,589,898	17,230,133	65.47%	69.65%
State property tax relief revenues	28,261	27,951	0.11%	0.11%
Other unclassified state revenues	39,210	39,196	0.15%	0.16%
Interest income	227,756	213,054	0.85%	0.86%
Miscellaneous	178,454	159,929	0.65%	0.66%
Total revenues	<u>26,868,825</u>	<u>24,736,941</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses				
General government	2,863,393	2,797,216	11.23%	11.87%
Public works	831,748	779,222	3.26%	3.31%
Public safety	727,446	673,792	2.85%	2.86%
Building planning and zoning	318,330	275,334	1.25%	1.17%
Community services	627,190	624,335	2.46%	2.65%
Sanitation and waste	489,134	479,268	1.92%	2.03%
Education	15,682,170	15,963,707	61.49%	67.72%
Education - on behalf	3,126,351	991,542	12.26%	4.21%
Bolton Lakes debt assessment	170,000	165,000	0.67%	0.70%
Debt service:				
Interest	277,780	446,975	1.09%	1.90%
Depreciation	391,544	376,477	1.52%	1.58%
Total expenses	<u>25,505,086</u>	<u>23,572,868</u>	<u>100.00%</u>	<u>100.00%</u>
Change in net position	1,363,739	1,164,073		
Net position - July 1	<u>37,907,374</u>	<u>36,743,301</u>		
Net position - June 30	<u>\$ 39,271,113</u>	<u>\$ 37,907,374</u>		
Expenses financed by general revenues:				
Total expenses	\$ 25,505,086	\$ 23,572,868		
Less program revenues	-8,805,246	-7,066,678		
	<u>\$ 16,699,840</u>	<u>\$ 16,506,190</u>	<u>65.47%</u>	<u>70.02%</u>

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2020

Capital assets

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, and infrastructure assets that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets and improvements thereto are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. The infrastructure assets and improvements thereto shown below include the current and prior fiscal year expenses of the Town for improvements to roads within the Town recorded at their actual historical cost or estimated historical cost when the actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1I on page 27 and note 5 on page 36.

	Governmental Activities		Percentage of total	
	2020	2019	2020	2019
Land and improvements	\$ 4,514,884	\$ 4,514,884	6.43%	6.58%
Buildings and improvements	44,136,599	43,451,999	62.90%	63.36%
Vehicles	4,097,697	4,051,750	5.84%	5.91%
Equipment	2,677,561	2,248,175	3.82%	3.28%
Infrastructure	14,747,256	14,313,778	21.01%	20.87%
Total historical cost	<u>70,173,997</u>	<u>68,580,586</u>	<u>100.00%</u>	<u>100.00%</u>
Less accumulated depreciation	<u>-27,772,130</u>	<u>-25,957,520</u>		
Total capital assets (net)	<u>\$ 42,401,867</u>	<u>\$ 42,623,066</u>		

Debt administration

The types of long-term debt normally incurred by the town include bonds, notes, and capital leases payable and the types of other debt related liabilities or the town include accrued compensated balances (earned vacation and longevity payment balances) in accordance with the established personnel policies of the Town and Board of Education and other post employment benefit liabilities in accordance with generally accepted accounting principles. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The applicable state debt limitations as set forth in the Connecticut General Statutes, Section 7-374 (b) and the towns outstanding balances in comparison to these limitations can be found in the schedule of debt limitations, Sub-schedule B on page 69. The comparison of the outstanding debt shown below indicates that the general make-up of the Town's different types of debt as a percentage of total debt was consistent for the current fiscal year in comparison to the prior fiscal year. The portion due within one year and due after one year changed based on variations in the applicable payment schedules. More detailed information on Town debt can be found in note 7 starting on page 37.

	Governmental Activities		Percentage of total	
	2020	2019	2020	2019
Outstanding payables:				
Portion due within one year	\$ 829,758	\$ 821,011	6.78%	6.33%
Portion due after one year	8,702,379	9,532,137	71.06%	73.48%
Other liabilities:				
Unamortized bond premiums	593,834	660,794	4.85%	5.09%
Accrued compensated balances - school	5,739	10,327	0.05%	0.08%
Accrued compensated balances - town	326,219	341,903	2.66%	2.64%
Total OPEB liability	<u>1,788,829</u>	<u>1,605,795</u>	<u>14.60%</u>	<u>12.38%</u>
Total debt	<u>\$ 12,246,758</u>	<u>\$ 12,971,967</u>	<u>100.00%</u>	<u>100.00%</u>

Town of Bolton, Connecticut
Management's Discussion and Analysis
June 30, 2020

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance sheet on page 13 and the Statement of revenues, expenditures and changes in fund balances on page 15.

Financial highlights - Fund financial statements

- The total assets of the Town's governmental funds exceeded the total liabilities by \$8,636,842 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$8,091,201, an increase of \$545,641 or approximately 6.74%. This increase is due to the positive results of the general fund of \$390,125, the positive results of the town capital funds of \$307,704, the negative results of the cemetery activity fund of (\$6,339) and the negative results of the non-major governmental funds of (\$145,849). These increases and decreases can be seen by reviewing Statement D on page 15 and the corresponding combining schedules and sub-schedules as shown in the table of contents.
- The total revenues of the Town's governmental funds were \$26,737,945 for the current fiscal year. This compares to the prior fiscal year balance of \$24,460,896. This represents an increase of \$2,277,049 or approximately 9.31%. This is due to a number of increases and decreases in revenue categories such as property tax revenues which increased by \$379,150, intergovernmental education revenue which decreased by (\$462,208) and intergovernmental other revenue which increased by \$231,569. Intergovernmental education on-behalf revenue and expenditures increased by \$2,134,809 for the actuarial determined State on-behalf revenue which relates to the pension and OPEB benefits of the Teachers Retirement System.
- The total expenditures of the Town's governmental funds were \$26,192,304 for the current fiscal year. This compares to the prior fiscal year balance of \$24,020,366. This represents an increase of \$2,171,938 or approximately 9.04%. This is due to a number of increases and decreases in fund expenditures such as the town capital fund which decreased by (\$374,382) due to a plow truck being purchased during the prior fiscal year and the substantive completion of the fire department cistern project during the prior fiscal year. In addition, the general fund expenditures increased by \$2,448,523 which is due in large part to the increase in the education on-behalf expenditures as described in the previous paragraph.
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was an excess of \$390,125 for the current fiscal year in comparison to an excess of \$348,345 for the prior fiscal year. This current fiscal year excess relates in part to the following selected current fiscal year budgetary highlights. See the budget to actual statement on pages 17 and 18 for more detailed information on actual revenues and expenditures in comparison to the budgeted amounts.
- The actual revenues received in the Town's general fund were \$604,397 higher than the budget revenues for the current fiscal year which is a favorable variance. This "over collection" of budgeted revenues relates to a number of budgeted revenue categories. Property tax revenue was \$420,726 over the budgeted amount, state education revenue was \$57,967 over the budgeted amount and charges for services was \$117,187 over the budgeted amount. Actual program expenditures of the general fund were \$1,474,091 lower than the budgeted expenditures for the current fiscal year which is a favorable variance. This under expenditure was due in part to the education accounts being under-expended by \$359,593, the highway department accounts being under-expended by \$132,676, the town building operations accounts being under-expended by \$119,911 and debt service principal and interest repayments which was \$250,031 under the budgeted amount.
- In the current fiscal year the Town budgeted to utilize \$1,307,991 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 \$1,299,253 of its general unassigned fund balance in a similar manner. In the current fiscal year, the Town also used \$123,672 of its general committed fund balance in relation to employment separation fund payments. In addition, the Town has budgeted a revenue and expense in the amount of \$250,000 for the proceeds and repayment of short-term borrowing. No short-term borrowing occurred in the general fund in either fiscal year.
- The Board of Education of the Town received approximately \$893,875 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 of grant dollars recorded within the non-major special revenue funds of the Town. This compares to approximately \$926,815 in the prior 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, 2020

Economic factors and next year's budgets and rates

On January 30, 2020, the World Health Organization declared the Covid-19 coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to Covid-19. While there were no significant changes to the budget preparation process due to the Covid-19 pandemic, there were several changes to the budget approval process. Budget related meetings during May and June were held via Zoom teleconferencing. The Board of Finance operating under an executive order from the Governor approved the 2021 fiscal year budget and mil rate on May 21, 2020 via a Zoom meeting without holding an annual referendum.

General fund appropriations totaled \$22,908,544 in the approved 2021 fiscal year budget. This represented an increase of approximately 2.94% from the approved 2020 fiscal year budget amount of \$22,253,789. The unassigned general fund balance amount applied to the 2021 fiscal year approved budget was \$2,037,732. This represents an increase of approximately 55.79% from the amount applied to the 2020 fiscal year approved budget of \$1,307,991. The mill rate approved for the 2021 fiscal year was 38.86. This represented a decrease of approximately .36% from the approved 2020 fiscal year mill rate of 39.00.

Given the uncertainty of the financial constraints that may be placed on the Town during the 2021 fiscal year, the Town does anticipate that additional state and or federal funding will be available during the 2021 fiscal year directly related to the reimbursement of Covid-19 related expenditures. During the current fiscal year, the Town received federal funding in relation to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") as passed by the federal government. A portion of these CARES Act funds were passed through to state governments and made available to local governments through a reimbursement request program. Reimbursement requests were made for actual expenditures incurred from March of 2020 through June 30, 2020. The program was changed by the state to an allocation basis for expenditures incurred from July 1, 2020 through December 31, 2020. It is anticipated that additional funds will be made available related to Covid-19 expenditures incurred after December 31, 2020.

The Town believes that it has steadily maintained a sufficient unrestricted net position and unassigned fund balance to sustain the governmental activities and operations for an estimated two month period of time despite any current affects related to the Covid-19 pandemic. The Town hopes to see this trend continuing through the upcoming fiscal year based on the above mentioned items and into future fiscal years.

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, 2020

	Governmental activities
Assets	
Current assets:	
Cash	\$ 2,121,322
Investments	6,490,269
Property taxes receivable	189,328
Accounts receivable	175,949
Inventories	6,832
Prepaid items	15,240
Total current assets	8,998,940
Capital assets:	
Non-depreciable	4,514,884
Depreciable (net)	37,886,983
Total capital assets	42,401,867
Other assets:	
Restricted cash	289,088
Restricted investments	196,595
Long-term accounts receivable	45,233
Total other assets	530,916
 Total Assets	 51,931,723
Deferred outflows of resources	
Deferred charge on bond refunding	283,894
Changes related to OPEB	286,750
	570,644
Liabilities	
Accounts payable	421,052
Accrued payroll	70,665
Other liabilities	2,067
Unearned revenues	292,654
Accrued debt service interest	131,263
Long-term debt	
Portion due within one year	829,758
Portion due after one year	8,702,379
Unamortized bond premiums	593,834
Accrued compensated absences	331,958
Total OPEB liability	1,788,829
Total liabilities	13,164,459
Deferred inflows of resources	
Changes related to OPEB	66,795
	66,795
Net position	
Net Investment in capital assets	32,869,730
Restricted	
Expendable	2,920,695
Non-expendable	139,977
Unrestricted	3,340,711
Total net position	\$ 39,271,113

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Balance sheet - Governmental funds
June 30, 2020

	General fund	Town capital funds	Cemetery activity funds	Non-major governmental funds	Total governmental funds
Assets					
Cash	\$ 783,700	\$ 370,797	\$ 827,926	\$ 238,652	\$ 2,221,075
Investments	6,490,269	-	-	196,595	6,686,864
Receivables (net of allowance)					
Property taxes	189,328	-	-	-	189,328
Intergovernmental	23,868	61,599	-	75,899	161,366
Other	8,358	-	-	5,185	13,543
Inventories	-	-	-	6,832	6,832
Prepaid items	3,969	-	-	3,280	7,249
Due from other funds	172,160	1,923,245	-	748,116	2,843,521
Total assets	<u>\$ 7,671,652</u>	<u>\$ 2,355,641</u>	<u>\$ 827,926</u>	<u>\$ 1,274,559</u>	<u>\$ 12,129,778</u>
Liabilities					
Accounts payable	\$ 326,630	\$ -	\$ -	\$ 94,422	\$ 421,052
Accrued payroll	67,622	-	-	3,043	70,665
Other liabilities	443	-	-	1,624	2,067
Unearned revenues	2,099	-	-	719	2,818
Due to other funds	2,671,361	119,445	-	52,715	2,843,521
Total liabilities	<u>3,068,155</u>	<u>119,445</u>	<u>-</u>	<u>152,523</u>	<u>3,340,123</u>
Deferred inflows of resources					
Unavailable revenue - Property taxes	152,813	-	-	-	152,813
Fund balances					
Nonspendable	3,969	-	-	128,017	131,986
Restricted	-	-	-	477,842	477,842
Committed	149,753	2,236,196	-	495,745	2,881,694
Assigned	3,774,076	-	827,926	21,384	4,623,386
Unassigned	522,886	-	-	-952	521,934
Total fund balances	<u>4,450,684</u>	<u>2,236,196</u>	<u>827,926</u>	<u>1,122,036</u>	<u>8,636,842</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,671,652</u>	<u>\$ 2,355,641</u>	<u>\$ 827,926</u>	<u>\$ 1,274,559</u>	<u>\$ 12,129,778</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, 2020

Fund balances of governmental funds as shown on Statement C		\$ 8,636,842
Amounts reported for governmental activities in the government-wide financial statements (Statement A) differ from the amounts reported in the fund financial statements (Statement C):		
1 Capital assets used in governmental activities are not financial resources and are not reported on Statement C however they are reported on Statement A and must be added in:		
Cost	70,173,997	
Less accumulated depreciation	-27,772,130	42,401,867
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:		152,813
3 Certain grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in the fund financial statements on the modified accrual basis of accounting. However, the government-wide financial statements record revenues when they have been earned on the accrual basis of accounting and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out:		-289,088
4 Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to a future period, and therefore will not be recognized as an expenditure or revenue until then, and therefore, they are not reported in the fund financial statements:		
Deferred outflows of resources related to bond refunding	283,894	
Deferred outflows of resources related to OPEB	286,750	
Deferred inflows of resources related to OPEB	-66,795	503,849
5 Long-term liabilities and related current liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and therefore they must be subtracted out:		
Accrued debt service interest	-131,263	
Bonds payable	-9,495,000	
Notes payable	-37,137	
Unamortized bond premiums	-593,834	
Accrued compensated balances	-331,958	
Total OPEB liability	-1,788,829	-12,378,021
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:		45,233
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:		197,618
Net position of governmental activities as shown on Statement A		\$ 39,271,113

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, 2020

	General fund	Town capital funds	Cemetery activity fund	Non-major governmental funds	Total governmental funds
Revenues					
Property tax revenues	\$ 17,616,327	\$ -	\$ -	\$ -	\$ 17,616,327
Intergovernmental - education	2,750,938	-	-	893,875	3,644,813
Intergovernmental - on behalf	3,126,351	-	-	-	3,126,351
Intergovernmental - tax relief	28,261	-	-	-	28,261
Intergovernmental - other	53,304	61,599	-	539,144	654,047
Education tuition	230,904	541,250	-	-	772,154
Charges for services and fees	271,932	-	9,350	182,189	463,471
Interest income	207,533	7,964	7,192	5,067	227,756
Miscellaneous	140,996	-	-	63,769	204,765
Total revenues	<u>24,426,546</u>	<u>610,813</u>	<u>16,542</u>	<u>1,684,044</u>	<u>26,737,945</u>
Expenditures					
Current:					
General government	2,827,868	-	22,881	37,111	2,887,860
Public works	916,126	-	-	27,233	943,359
Public safety	575,482	-	-	3,044	578,526
Building, planning and zoning	322,629	-	-	-	322,629
Community services	455,306	-	-	127,984	583,290
Sanitation and waste	488,294	-	-	-	488,294
Education	13,956,405	-	-	934,063	14,890,468
Education - on behalf	3,126,351	-	-	-	3,126,351
Capital outlay	38,494	311,458	-	733,643	1,083,595
Bolton lakes debt assessment	170,000	-	-	-	170,000
Debt service:					
Principal	283,638	506,362	-	-	790,000
Interest	327,932	-	-	-	327,932
Total expenditures	<u>23,488,525</u>	<u>817,820</u>	<u>22,881</u>	<u>1,863,078</u>	<u>26,192,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>938,021</u>	<u>-207,007</u>	<u>-6,339</u>	<u>-179,034</u>	<u>545,641</u>
Other financing sources (uses)					
Transfers in	-	612,140	-	33,185	645,325
Transfers out	-547,896	-97,429	-	-	-645,325
Total other financing sources (uses)	<u>-547,896</u>	<u>514,711</u>	<u>-</u>	<u>33,185</u>	<u>-</u>
Net change in fund balance	390,125	307,704	-6,339	-145,849	545,641
Fund balance - July 1	<u>4,060,559</u>	<u>1,928,492</u>	<u>834,265</u>	<u>1,267,885</u>	<u>8,091,201</u>
Fund balance - June 30	<u>\$ 4,450,684</u>	<u>\$ 2,236,196</u>	<u>\$ 827,926</u>	<u>\$ 1,122,036</u>	<u>\$ 8,636,842</u>

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Reconciliation of Statement D to Statement B
for all governmental funds and activities
For the year ended June 30, 2020

Net changes in governmental fund balances as shown on Statement D		\$ 545,641
Amounts reported for governmental activities in the government-wide financial statements (Statement B) differ from the amounts reported in the fund financial statements (Statement D):		
1 Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over their estimated useful lives in Statement B:		
Current year capital asset purchases to be capitalized	1,630,325	
Current year depreciation expense on current and previous capital assets	-1,851,524	-221,199
2 Property tax revenues are recognized on Statement D as described in note 1H to the financial statements however they are recorded in the amount of the annual levy in Statement B and therefore the current year adjustment described in note 1H must be eliminated:		-6,591
3 The basis of presentation and revenue recognition is different from the government-wide financial statements and the fund financial statements:		
Prior year unearned revenue amounts to be recognized	446,397	
Current year revenue amounts to be recorded as unearned	-289,088	157,309
4 Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to future periods, therefore it will not be recognized as an expenditure or revenue until then, and therefore, they are not reported in the fund financial statements but they are recorded in the government-wide financial statements:		
Amortization of and changes in deferred outflows for bond refunding	-25,808	
Amortization of and changes in deferred outflows for OPEB	180,956	
Amortization of and changes in deferred inflows for OPEB	-23,847	131,301
5 Payments on and changes in long-term liabilities and related current liabilities are recorded as current year activities on Statement D however they are shown as increases or decreases in liability accounts in the government-wide financial statements and therefore must be adjusted accordingly:		
Accrued debt service interest decrease	9,000	
Bonds payable principal repayment	790,000	
Notes payable principal repayment	24,758	
Capital lease principal repayment	6,253	
Amortization of bond premiums	66,960	
Accrued compensated absences decrease	20,272	
Total OPEB liability increase	-183,134	734,109
6 Estimated accounts receivable for delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on Statement B:		
Prior year recorded delinquent interest and lien receivable balance	-65,071	
Current year recorded delinquent interest and lien receivable balance	45,233	-19,838
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:		43,007
Change in net position of governmental activities as shown on Statement B		\$ 1,363,739

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, 2020

	Original budget	Budget revisions	Final budget	Actual	Variance
Revenues					
Property tax revenues	\$ 17,195,601	\$ -	\$ 17,195,601	\$ 17,616,327	\$ 420,726
Intergovernmental - education	2,692,971	-	2,692,971	2,750,938	57,967
Intergovernmental - tax relief	31,449	-	31,449	28,261	-3,188
Intergovernmental - other	57,650	-	57,650	53,304	-4,346
Education tuition	268,725	-	268,725	230,904	-37,821
Charges for services and fees	154,745	-	154,745	271,932	117,187
Interest income	125,000	-	125,000	207,533	82,533
Miscellaneous	169,657	-	169,657	140,996	-28,661
Total revenues	20,695,798	-	20,695,798	21,300,195	604,397
Expenditures					
General government					
Administration	628,858	37,443	666,301	560,341	105,960
Board of finance	2,200	-	2,200	1,613	587
Finance office	225,920	-	225,920	212,256	13,664
Auditing services	26,500	-	26,500	26,000	500
Assessor	78,730	922	79,652	77,113	2,539
Tax collector	105,210	-13,277	91,933	88,645	3,288
Employee benefits	908,062	4,896	912,958	809,474	103,484
Data processing	119,490	-	119,490	113,699	5,791
Town clerk	118,290	7,415	125,705	123,858	1,847
Insurances	137,705	-	137,705	109,013	28,692
Probate court	5,673	-	5,673	5,673	-
Elections	42,495	-	42,495	14,928	27,567
Town building operations	775,762	29,404	805,166	685,255	119,911
	3,174,895	66,803	3,241,698	2,827,868	413,830
Public works					
Highway department	1,048,802	-	1,048,802	916,126	132,676
Public building commission	540	-	540	-	540
	1,049,342	-	1,049,342	916,126	133,216
Public safety					
Police protection	392,077	-	392,077	382,450	9,627
Fire commission	190,113	168	190,281	186,466	3,815
Animal control	3,500	-	3,500	3,000	500
Fire marshal	16,171	-	16,171	3,566	12,605
	601,861	168	602,029	575,482	26,547
Building, planning and zoning					
Building and land use	297,098	26,092	323,190	317,609	5,581
Planning and zoning commission	6,580	-	6,580	1,004	5,576
Zoning board of appeals	1,440	-	1,440	521	919
Inland wetlands commission	2,235	-	2,235	898	1,337
Economic development commission	2,000	179	2,179	1,120	1,059
Conservation commission	1,625	-	1,625	1,477	148
Open space	645	-	645	-	645
	311,623	26,271	337,894	322,629	15,265

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, 2020

	Original budget	Budget revisions	Final budget	Actual	Variance
Community services					
Public health services	\$ 32,840	\$ -	\$ 32,840	\$ 27,285	\$ 5,555
Senior services	160,208	11,410	171,618	154,222	17,396
Library	294,205	-	294,205	273,799	20,406
	<u>487,253</u>	<u>11,410</u>	<u>498,663</u>	<u>455,306</u>	<u>43,357</u>
Sanitation and waste					
Refuse services	533,076	-	533,076	488,294	44,782
Education	<u>14,315,998</u>	<u>-</u>	<u>14,315,998</u>	<u>13,956,405</u>	<u>359,593</u>
Teachers retirement system	41,244	-	41,244	-	41,244
Capital outlay	18,000	25,720	43,720	38,494	5,226
Contingency	91,000	-	91,000	-	91,000
Debt issuance costs	50,000	-	50,000	-	50,000
Bolton Lakes debt assessment	170,000	-	170,000	170,000	-
Debt service:					
Principal	533,648	-	533,648	283,638	250,010
Interest	327,953	-	327,953	327,932	21
	<u>861,601</u>	<u>-</u>	<u>861,601</u>	<u>611,570</u>	<u>250,031</u>
Total expenditures	<u>21,705,893</u>	<u>130,372</u>	<u>21,836,265</u>	<u>20,362,174</u>	<u>1,474,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-1,010,095</u>	<u>-130,372</u>	<u>-1,140,467</u>	<u>938,021</u>	<u>2,078,488</u>
Other financing sources (uses)					
Proceeds from short term debt issuance	250,000	-	250,000	-	-250,000
Utilization of unassigned fund balance	1,307,991	-	1,307,991	-	-1,307,991
Utilization of committed fund balance	-	130,372	130,372	-	-130,372
Transfers in	-	-	-	-	-
Transfers out	-547,896	-	-547,896	-547,896	-
Total other financing sources (uses)	<u>1,010,095</u>	<u>130,372</u>	<u>1,140,467</u>	<u>-547,896</u>	<u>-1,688,363</u>
Change in fund balance	-	-	-	390,125	390,125
Non-budgeted State on behalf revenue				3,126,351	
Non-budgeted State on behalf expenditure				<u>-3,126,351</u>	
Net change in fund balance				390,125	
Fund Balance - July 1				<u>4,060,559</u>	
Fund Balance - June 30				<u><u>\$ 4,450,684</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, 2020

	Governmental activities Dental fund
Assets	
Cash	\$ 189,335
Investments	-
Accounts receivable	1,040
Prepaid items	7,991
Due from other funds	-
Total assets	\$ 198,366
Liabilities	
Accounts payable	\$ -
Accrued payroll	-
Other liabilities	-
Unearned revenues	748
Due to other funds	-
Total liabilities	748
Net Position:	
Restricted	
Expendable	197,618
Non-expendable	-
Unrestricted	-
Total net position	197,618
Total liabilities and net position	\$ 198,366

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, 2020

	Governmental activities Dental fund
Operating revenues:	
Charges for services	\$ 145,444
Fees	-
Other operating revenues	-
Total operating revenues	145,444
Operating expenses:	
Personal services	-
Contractual services	102,437
Administrative costs	-
Total operating expenses	102,437
Total operating income (loss)	43,007
Nonoperating revenues (expenses):	
Investment earnings	-
Fiscal charges	-
Interest expense	-
Total nonoperating revenues (expenses)	-
Total Income (loss)	43,007
Contributions and transfers:	
Capital contributions	-
Transfers in	-
Transfers out	-
Total contributions and transfers	-
Change in net position	43,007
Net position - July 1	154,611
Net position - June 30	\$ 197,618

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, 2020

	Governmental activities Dental fund
Cash flows from operating activities:	
Receipts from employees and town	\$ 145,152
Receipts from customers and users	-
Payments for goods and services	-109,521
Payments to employees	-
Other items	-7,991
Net cash from operating activities	27,640
 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	27,640
Cash and cash equivalents - July 1	161,695
Cash and cash equivalents - June 30	\$ 189,335
 Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 43,007
Changes in operating assets and liabilities	
(Increase) decrease in accounts receivable	-1,040
(Increase) decrease in prepaid items	-7,991
Increase (decrease) in accounts payable	-7,084
Increase (decrease) in unearned revenues	748
Increase (decrease) in due to other funds	-
Net cash from operating activities	\$ 27,640

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Statement of net position
Fiduciary funds
June 30, 2020

	Agency funds
Assets:	
Cash	\$ 246,732
Investments	-
Accounts receivable	-
Due from other funds	-
Total assets	\$ 246,732
Liabilities:	
Accounts payable	\$ -
Unearned revenues	-
Due to student groups	131,725
Rental escrow funds payable	3,702
Maintenance escrow funds payable	111,305
Total liabilities	246,732
Net position:	
Restricted	
Expendable	-
Non-expendable	-
Unrestricted	-
Total net position	-
Total liabilities and net position	\$ 246,732

See the accompanying notes to the basic financial statements.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

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 \$17,731 and \$20,000, respectively, for the current fiscal year. Though the Town does not directly have the authority to approve or modify the budgeted use of funds collected by the Department directly, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis to the fire commission general fund line items. In addition, the fire safety complex, fire trucks and other major equipment items used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the Town considers the nature and significance of the relationship with the primary government as such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The activities of the Department should be shown within the Town's financials statements as a discretely presented component unit as opposed to a blended component unit in accordance with the provisions of GASB Statement No. 14 as amended by Statement Nos. 39 and 61. Audited financial information of the Department, however, has not been included in the accompanying government-wide financial statements and therefore the independent auditors' report includes an opinion modification.

B. Government-wide financial statements

1. Basis of presentation

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government as well as the governmental and business-type activities of the Town. These statements do not include information about the fiduciary activities and funds of the Town or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Town in a trustee or 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
June 30, 2020

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
June 30, 2020

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 and other health reimbursement arrangement (HRA account) 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 and other health reimbursement arrangement (HRA account) 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 1P on pages 30 and 31. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net position balance of the governmental activities of the Town as shown on the government-wide statement of net position.

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

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

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. Deposits and investments

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

E. Tax acquired property

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

F. Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as an expenditure when used. The Town currently has recorded an inventory amount of \$6,832 as it relates to the school lunch program.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

G. Receivables & allowance for doubtful accounts

All property tax, intergovernmental, and other receivables are reported net of any allowance for doubtful accounts. The current year fund financial statement accounts receivable balances for the governmental activities of the Town include property tax principal amounts of \$189,328, intergovernmental amounts of \$137,917 due on state, federal and other grant and awards agreements and \$23,449 due from towns for municipal building services fees and school shared services and other miscellaneous receivables of \$13,543. The current year fund financial statement accounts receivable balances for the proprietary fund activities of the Town include miscellaneous receivables of \$1,040 related to the internal service fund activities. Government-wide financial statements include all of the above mentioned receivable types in addition to accumulated delinquent interest and fees on the active property tax principal amounts. Delinquent interest and fees on suspense tax receivable principal balances are not included. The current year long-term delinquent interest receivable balance is \$45,233. The Town will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received in cash for the amount incurred. The current allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be \$0. The Town considers past experience with receivable balance collections and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

H. Revenue recognition - property taxes

The Town's property tax for the current year was levied June 25, 2019 on the grand list as of October 1, 2018, for the real estate and personal property located in the Town at a rate of 39.00 mills and for the motor vehicles located in the Town at a rate of 39.00 mills. Real estate, personal property and motor vehicle taxes were due on July 1, 2019. Supplemental motor vehicle taxes were due on January 1, 2020. Interest on unpaid taxes commenced after each due date, at 18% per annum or 1.50% per month. As described earlier, in the fund financial statements property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue.

I. Capital assets

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

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

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

J. Prepaid items

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

K. Interfund receivables and payables

On the fund financial statements, interfund receivables and payables represent the balance of activity between the different funds of the Town. These activities may 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.

L. Accounts payable, accrued payroll and other liabilities

The accounts payable balance of the town is used to account for the expenses or expenditures related to invoices for the current fiscal year which have been received but which have not yet been paid. Under both the accrual and modified accrual basis of accounting expenses and expenditures are recorded when they are incurred. The accrued payroll balance is made up of amounts earned through hours worked prior to the end of the fiscal year which were not physically paid until after the end of the fiscal year. The other liabilities balance of \$2,067 is made up of the balance of an insurance clearing account in the amount of \$443 and a miscellaneous program reimbursements due amount of \$1,624.

M. Long-term obligations and related costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

N. Unearned revenue and Deferred inflows and outflows of resources

In the government-wide financial statements, revenue amounts which have been received in cash but not yet earned are recorded as unearned revenue. The current fiscal year unearned revenue balance of the governmental activities of the Town as shown on the statement of net position totaled \$292,654. This balance is made up of \$289,088 which represents unspent state, federal and other grant program balances which will be used in the upcoming fiscal year, \$2,099 which represents preschool tuition revenue received for the upcoming fiscal year, \$719 which represents unspent grant amounts due back to the funding source and \$748 representing miscellaneous program receipts for the upcoming fiscal year. In the fund financial statements, revenues are recognized when they are both measurable and available to pay current liabilities. The current fiscal year unearned revenue balance of the governmental activities as shown on the balance sheet totaled \$2,818 which is made up of the above mentioned preschool tuition revenue and the unspent grant amounts due back to the funding source.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense) until that time. The first item of deferred outflows relate to the total OPEB liability, which may include changes in actuarial assumptions, differences between expected and actual experience, and changes in employer proportional share, which would be deferred and normally amortized over the average expected remaining service lives of active and inactive members in the pension plan. They may also include the net difference between projected and actual earnings on pension plan investments, which would be deferred and normally amortized over a five-year period. The current fiscal year deferred outflows of resources balance of the governmental activities of the Town as shown on the statement of net position totaled \$286,750. This balance is made up of the actuarial determined differences between expected and actual experience in the amount of \$43,251 and changes in assumptions in the amount of \$243,499 related to the total OPEB liability. The second item of deferred outflows relate to a deferred charge on bond refunding. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The current fiscal year deferred charge on bond refunding is \$283,894.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities have deferred inflows that relate to the total OPEB liability, which may include changes in actuarial assumptions, differences between expected and actual experience, and changes in employer proportional share, which would be deferred and amortized over the applicable period. The current fiscal year deferred inflows of resources balance of the governmental activities of the Town as shown on the statement of net position totaled \$66,795. This balance is made up of the actuarial determined changes in assumptions related to the total OPEB liability. This balance is made up of the actuarial determined differences between expected and actual experience in the amount of \$27,310 and changes in assumptions in the amount of \$39,485 related to the total OPEB liability. The governmental funds of the Town currently report on the balance sheet unavailable revenue from property taxes which is calculated when considering the amount of property taxes receivable not expected to be received within the first 60 days after the fiscal year end in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The current fiscal year deferred inflow of resources balance relating to these property taxes receivable is \$152,813.

O. 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. Town capital funds - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects. The capital assets purchased or constructed through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as approved as part of the annual budget, long-term and short term financing and through other miscellaneous grants and revenues. In addition, this fund includes the school capital fund. This capital fund is used to account for a portion of education tuition revenue which is designed to be used to pay a portion of the annual debt service requirements for the school construction related debt.
- e. Cemetery activity fund - This fund is used to account for a portion of the assets which were transferred from the Bolton Cemetery Association, Inc. which was a legally separate organization within the town which maintained the cemeteries within the town. Cemetery lot sales and other related revenues as well as upkeep and maintenance costs are accounted for within this fund.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

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

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

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

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The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet. Additional information on individual fund balance classifications can be found in the individual combining fund schedules starting on page 55.

Fund balances:	General fund	Town capital funds	Cemetery activity funds	Non-major governmental funds	Total governmental funds
Nonspendable:					
Inventories and prepaid items	\$ 3,969	\$ -	\$ -	\$ 10,112	\$ 14,081
Permanent funds principal	-	-	-	117,905	117,905
	<u>3,969</u>	<u>-</u>	<u>-</u>	<u>128,017</u>	<u>131,986</u>
Restricted:					
Town aid roads grant	-	-	-	164,486	164,486
Educational grants	-	-	-	170,373	170,373
Education programs	-	-	-	37,532	37,532
Other town grants and programs	-	-	-	26,761	26,761
Permanent funds non-principal	-	-	-	78,690	78,690
	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,842</u>	<u>477,842</u>
Committed:					
Employment separation funds	61,196	-	-	-	61,196
Founders day funds	83,132	-	-	-	83,132
Economic development funds	5,425	-	-	-	5,425
Town capital reserve fund	-	1,114,668	-	-	1,114,668
School capital reserve fund	-	251,352	-	-	251,352
BHS construction project	-	640,342	-	-	640,342
BCS facility and paving improvements	-	188,288	-	-	188,288
Heritage farm improvements	-	37,650	-	-	37,650
Town fire truck purchase	-	3,896	-	-	3,896
Recreation round fund	-	-	-	238,273	238,273
Buildings and grounds fund	-	-	-	65,425	65,425
Open space reserve funds	-	-	-	60,224	60,224
Heritage farm fund	-	-	-	35,791	35,791
Bentley memorial library fund	-	-	-	37,173	37,173
Other town grants and programs	-	-	-	58,859	58,859
	<u>149,753</u>	<u>2,236,196</u>	<u>-</u>	<u>495,745</u>	<u>2,881,694</u>
Assigned:					
Internal assignment of funds for unforeseen financial emergencies	1,736,344	-	-	-	1,736,344
Cemetery activity fund	-	-	827,926	-	827,926
Animal control fund	-	-	-	21,384	21,384
Unassigned fund balance budgeted to be used during the upcoming fiscal year	2,037,732	-	-	-	2,037,732
	<u>3,774,076</u>	<u>-</u>	<u>827,926</u>	<u>21,384</u>	<u>4,623,386</u>
Unassigned					
General fund	522,886	-	-	-	522,886
Education grants and programs	-	-	-	-952	-952
	<u>522,886</u>	<u>-</u>	<u>-</u>	<u>-952</u>	<u>521,934</u>
Total fund balances	<u>\$ 4,450,684</u>	<u>\$ 2,236,196</u>	<u>\$ 827,926</u>	<u>\$ 1,122,036</u>	<u>\$ 8,636,842</u>

Town of Bolton, Connecticut
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Q. 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 May 21, 2019.

Town general fund	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 24,426,546	\$ -23,488,525	\$ -547,896	\$ 390,125
Current fiscal year encumbrances	-	-	-	-
Prior fiscal year encumbrances	-	-	-	-
State on-behalf benefits related to pensions	-3,446,614	3,446,614	-	-
State on-behalf benefits related to OPEB	320,263	-320,263	-	-
Budgetary basis - Statement E	<u>\$ 21,300,195</u>	<u>\$ -20,362,174</u>	<u>\$ -547,896</u>	<u>\$ 390,125</u>

R. 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, 2020 relating to encumbrances was \$0 for the general fund and \$0 for the non-major special revenue funds relating to a Board of Education grant program.

Town of Bolton, Connecticut
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S. Estimates

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

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

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

Restricted cash	
Unearned state, federal, and other grant program balances	\$ 289,088
Restricted investments	
Nonspendable balance of non-major permanent funds	\$ 117,905
Restricted balance of non-major permanent funds	78,690
	\$ 196,595

Note 3 - Deposits and investments

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

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For government accounts the ownership category is per official custodian. At year end, the carrying amount of the Town’s deposits was \$9,173,085 which is shown in the financial statements as cash balances of \$2,657,142 (\$2,221,075 on Statement C, \$189,335 on Statement F and \$246,732 on Statement I) and investment balances of \$6,515,943 which represent certificates of deposit and higher yielding money market accounts. The corresponding bank balances of these accounts at various financial institutions totaled \$9,523,872 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$500,000 was covered by FDIC with the remaining \$9,023,872 representing balances that where not insured but rather collateralized in part by securities held by the pledging financial institutions’ trust department or agent but not in the Town’s name in accordance with and in the amounts and coverage percentages required by State statutes.

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

Investments

The following schedule shows the different types of investments held by the Town, the maturities of those investments and the associated credit ratings as of June 30, 2020.

Type	Fair value	Maturities in years			Credit ratings	
		Less than 1 year	1 - 5 years	6 - 10 years	Moody's	S & P
Governmental activities and funds:						
State Short-Term Investment Fund	\$ 170,921	\$ 170,921	\$ -	\$ -	not rated	AAAm
Certificates of deposit	25,674	25,674	-	-	not rated	not rated
Money market accounts	6,490,269	6,490,269	-	-	not rated	not rated
	<u>\$ 6,686,864</u>	<u>\$ 6,686,864</u>	<u>\$ -</u>	<u>\$ -</u>		

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

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

Investments	Fair value	Fair value measurement		
		Level 1	Level 2	Level 3
Governmental activities and funds:				
State Short-Term Investment Fund	\$ 170,921	\$ 170,921	\$ -	\$ -
Certificates of deposit	25,674	25,674	-	-
Money market accounts	6,490,269	6,490,269	-	-
	<u>\$ 6,686,864</u>	<u>\$ 6,686,864</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Bolton, Connecticut
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Note 4 - Interfund receivables, payables, and transfers - fund financial statements only

Interfund receivables and payables - The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. The purpose for interfund balances is to keep track of each fund's position in this cash pool. These balances are not expected to be repaid due to the fact that they simply represent funds collected or spent by one fund on behalf of another fund. The following information represents interfund receivables and payables by individual major fund and non-major funds in the aggregate. Separate balances do show up in both the due from and due to column of the general fund. This is because individual funds within each of the below listed fund types may have either a due to or a due from balance. The Town believes it is more beneficial to shown this information separately rather than netted out.

	Receivable due from	Payable due to
General fund:		
Town capital funds:		
Town capital reserve fund 2960	\$ -	\$ 1,114,668
School capital reserve fund 3452	119,445	-
School capital projects fund 3482	-	767,031
Town capital projects fund 3521	-	41,546
Non-major special revenue funds	52,715	748,116
	\$ 172,160	\$ 2,671,361
 Town capital funds:		
General fund		
Town capital reserve fund 2960	\$ 1,114,668	\$ -
School capital reserve fund 3452	-	119,445
School capital projects fund 3482	767,031	-
Town capital projects fund 3521	41,546	-
	\$ 1,923,245	\$ 119,445

Interfund transfers - Transfers in and out represent budgeted transfers which are not always physically made but need to be recorded to keep track of the individual fund balances and the transfers of income earned from one individual fund to another in accordance with the requirements of the individual funds. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The following information represents interfund transfers by individual major fund and non-major funds in the aggregate. The general fund transfers relate to amounts included in the annual budget. The transfer between school capital projects fund 3482 relates to funds transferred between two individual projects within the fund in accordance with the provisions of the original bonding document.

	Transfers in	Transfers out
General fund:		
Town capital funds:		
Town capital reserve fund 2960	\$ -	\$ -514,711
Non-major special revenue funds		
Recreation round fund	-	-33,185
	\$ -	\$ -547,896
 Town capital funds:		
Town capital reserve fund 2960		
General fund	\$ 514,711	\$ -
School capital projects fund 3482	97,429	-97,429
	\$ 612,140	\$ -97,429

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

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2020. Depreciation expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1I on page 27 of the financial statements.

	Balance 07/01/19	Additions	Retirements	Balance 06/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 4,514,884	\$ -	\$ -	\$ 4,514,884
Capital assets being depreciated:				
Buildings and improvements	43,451,999	693,534	-8,934	44,136,599
Vehicles	4,051,750	73,927	-27,980	4,097,697
Equipment	2,248,175	429,386	-	2,677,561
Infrastructure	14,313,778	433,478	-	14,747,256
Total at historical value	<u>64,065,702</u>	<u>1,630,325</u>	<u>-36,914</u>	<u>65,659,113</u>
Less accumulated depreciation for:				
Building and improvements	-15,893,782	-1,072,870	8,934	-16,957,718
Vehicles	-2,626,952	-173,989	27,980	-2,772,961
Equipment	-1,343,928	-213,121	-	-1,557,049
Infrastructure	-6,092,858	-391,544	-	-6,484,402
Total accumulated depreciation	<u>-25,957,520</u>	<u>-1,851,524</u>	<u>36,914</u>	<u>-27,772,130</u>
Total capital assets being depreciated (net)	<u>38,108,182</u>	<u>-221,199</u>	<u>-</u>	<u>37,886,983</u>
Governmental activities capital assets (net)	<u>\$ 42,623,066</u>	<u>\$ -221,199</u>	<u>\$ -</u>	<u>\$ 42,401,867</u>

Depreciation expense by function or department:

General government	\$ -103,297
Public works	-99,510
Public safety	-148,920
Community services	-31,677
Sanitation and waste	-840
Education	-1,075,736
General infrastructure depreciation	-391,544
	<u>\$ -1,851,524</u>

Note 6 - Net position balances - Net investment in capital assets

The net investment in capital assets net position amount on the government-wide statement of net position consisted of the following items as of June 30, 2020.

	Governmental activities
Recorded value of capital assets	\$ 70,173,997
Less accumulated depreciation	-27,772,130
Book value of capital assets	<u>42,401,867</u>
Less capital assets related debt	<u>-9,532,137</u>
Total net investment in capital assets	<u>\$ 32,869,730</u>

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

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

Governmental activities:	Balance 07/1/19	Additions	Reductions	Balance 06/30/20	Amount due within one year
Outstanding payables:					
\$9,000,000 general obligation bond	\$ 840,000	\$ -	\$ -415,000	\$ 425,000	\$ 425,000
\$4,345,000 general obligation bond	3,155,000	-	-210,000	2,945,000	215,000
\$1,675,000 general obligation bond	1,345,000	-	-165,000	1,180,000	165,000
\$4,995,000 advance refunding bond	4,945,000	-	-	4,945,000	-
\$99,032 note payable	61,895	-	-24,758	37,137	24,758
\$114,783 capital lease payable	6,253	-	-6,253	-	-
Total outstanding payables	<u>10,353,148</u>	<u>-</u>	<u>-821,011</u>	<u>9,532,137</u>	<u>829,758</u>
Unamortized bond premiums:					
\$9,000,000 general obligation bond	8,028	-	-5,352	2,676	
\$4,345,000 general obligation bond	6,071	-	-467	5,604	
\$1,675,000 general obligation bond	105,806	-	-14,107	91,699	
\$4,995,000 advance refunding bond	540,889	-	-47,034	493,855	
	<u>660,794</u>	<u>-</u>	<u>-66,960</u>	<u>593,834</u>	
Other liabilities:					
Accrued comp. absences - school	10,327	-	-4,588	5,739	
Accrued comp. absences - town	341,903	-	-15,684	326,219	
Total OPEB liability	1,605,695	183,134	-	1,788,829	
Total other liabilities	<u>1,957,925</u>	<u>183,134</u>	<u>-20,272</u>	<u>2,120,787</u>	
Total long-term liabilities	<u>\$ 12,971,867</u>	<u>\$ 183,134</u>	<u>\$ -908,243</u>	<u>\$ 12,246,758</u>	<u>\$ 829,758</u>

The following is a summary of the terms, conditions, and ending balance as of June 30, 2020 of the outstanding long-term bonds and notes payable of the Town as well as the outstanding principal and interest requirements for the fiscal years ending June 30:

\$9,000,000 general obligation bond issued 08/01/10 to finance a portion of the high school construction and renovation project. \$5,170,000 of this bond was advance refunded on 06/21/17. The current maturity date of the remaining bond is 08/01/20 with interest ranging from 2.00% to 3.00%.	\$ 425,000
\$4,345,000 general obligation bond issued 05/01/12 to finance a portion of the high school construction and renovation project and the purchase of a new fire truck. The current maturity date is 05/01/32 with interest ranging from 2.00% to 2.95%.	2,945,000
\$1,675,000 general obligation bond issued 06/21/17 to finance improvements at the Bolton Center School, Heritage farm and the purchase of a new fire truck. The current maturity date is 08/01/26 with interest ranging from 3.00% to 5.00%.	1,180,000
\$4,995,000 advance refunding bond issued 06/21/17 to advance refund \$5,170,000 of the outstanding bonds issued on 08/01/10. The current maturity date is 08/01/30 with interest ranging from 3.00% to 5.00%.	4,945,000
\$99,032 note payable issued in 12/01/17 to finance a portion of the costs for a energy conservation lighting and other items project at the center school. This is a non-interest bearing note maturing in January of 2022.	37,137
	<u>\$ 9,532,137</u>

Town of Bolton, Connecticut
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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
2021	\$ 829,758	\$ 306,714	\$ 1,136,472
2022	817,379	285,320	1,102,699
2023	825,000	263,145	1,088,145
2024	845,000	239,858	1,084,858
2025	865,000	212,857	1,077,857
2026 - 2030	4,210,000	594,842	4,804,842
2031 - 2035	1,140,000	36,195	1,176,195
	<u>\$ 9,532,137</u>	<u>\$ 1,938,931</u>	<u>\$ 11,471,068</u>

Amortization of bond premiums and deferred charge on bond refunding

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

The \$4,345,000 general obligation bond was issued 05/01/12 at a premium. The Town received \$4,354,916 in proceeds from this bond with \$9,346 representing the premium amount and \$570 representing an accrued interest amount. The bond premium amount 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 \$1,675,000 general obligation bond was issued 06/21/17 at a premium. The Town received \$1,809,020 in proceeds from this bond with \$134,020 representing the premium amount. The bond premium amount will be amortized over the life of the bond on a straight line basis at a rate of \$7,054 for each interest payment made.

The \$4,995,000 advance refunding bond was issued 06/21/17 at a premium. The Town received \$6,629,957 in proceeds from this bond with \$634,957 representing the premium amount. The bond premium amount will be amortized over the life of the bond on a straight line basis at a rate of \$23,517 for each interest payment made.

A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The current fiscal year deferred charge on bond refunding is \$283,894. The annual amortization is recognized as an addition to interest expense.

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

	Interest payments	Premium on bond issuances	Deferred charge on bond refunding	Interest expense total
2021	\$ 306,714	\$ -64,284	\$ 25,808	\$ 268,238
2022	285,320	-61,608	25,808	249,520
2023	263,145	-61,608	25,808	227,345
2024	239,858	-61,608	25,808	204,058
2025	212,857	-61,608	25,808	177,057
2026 - 2030	594,842	-258,669	129,040	465,213
2031 - 2035	36,195	-24,449	25,814	37,560
	<u>\$ 1,938,931</u>	<u>\$ -593,834</u>	<u>\$ 283,894</u>	<u>\$ 1,628,991</u>

Town of Bolton, Connecticut
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Interest expense

The total interest expense incurred by the Town during the current fiscal year totaled \$327,997. In the fund financial statements, this amount is shown as interest expense in the general fund in the amount of \$327,932 and as part of the education expenditures in the amount of \$65. In the government-wide financial statements, the total interest expense incurred by the Town of \$327,997 was decreased by (\$66,960) relating to the current fiscal year portion of amortization of the premium on prior bonding agreements entered into by the Town, increased by \$25,808 relating to the current fiscal year portion of amortization of the deferred charge on a prior bond refunding agreement entered into by the Town, decreased by the reversal of prior fiscal year accrued interest amounts of (\$140,263) and increased by current fiscal year accrued interest amounts of \$131,263 for a total recorded interest expense amount of \$277,845. In the government-wide financial statements, this amount is shown as interest expense in the amount of \$277,780 and as part of the education expenditures in the amount of \$65.

General obligation bonds - Advance refunding

On June 21, 2017, the Town issued \$4,995,000 in advance refunding bonds with interest ranging from 3.00% to 5.00% to refund a portion of outstanding general obligation bonds with interest ranging from 3.00% to 5.00%. This advance refunding bond was used to refund \$5,170,000 of outstanding general obligation bonds which were originally issued on August 1, 2010. The net proceeds of this advance refunding in the amount of \$5,584,850 were deposited with an escrow agent and placed in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The portfolio consists of U.S. Treasury notes and a Federal Home Loan Bank bond. The transaction generated a cash flow savings of \$260,481 and a present value savings of \$223,304.

The refunded bonds are considered defeased and the liability for those bonds as well as the related premium liability were removed from the statement of net assets. In addition, the irrevocable trust fund assets are not included in the Town's financial statements. As of June 30, 2020, the defeased debt relating to this advanced refunding outstanding is \$5,170,000 with the market value of the irrevocable trust fund being \$5,230,519.

Capital leases payable

The Board of Education of the Town had a capital lease related to a lease purchase agreement for photocopiers. This lease purchase agreement ran from December of 2014 through December of 2019 with quarterly payments of \$6,318 which included 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, 2020 was \$114,783. There are no more remaining annual payments on this lease agreement as it was completed during the current fiscal year.

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, 2020, school accumulated sick balances for those who would receive the benefits if they retired as of June 30, 2020 based on reaching the required age and or years of service requirements totaled approximately \$303,565. 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.

Town of Bolton, Connecticut
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Note 8 - Town employee benefit plan

The employees of the Town are covered under a Deferred Compensation Plan. The plan allows employees to defer a portion of their salaries through payroll deductions into the Plan and invest it, on a tax-deferred basis. The Plan is administered by ICMA RC and is authorized under Section 457 of the Internal Revenue Code. Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years.

Funds in the Deferred Compensation Plan are not subject to taxes until they are withdrawn from the Plan. At the time of withdrawal normal income taxes are due, but there is no IRS penalty, regardless of age. Because of the tax-deferred status of the funds in the Deferred Compensation Plan, Federal law strictly limits access to these funds and under normal circumstances prohibits participants from withdrawing these funds while employed with the Town. Employers or employees through salary reductions are allowed to contribute up to the standard IRC 402 (g) limit of \$19,500 in 2020 and \$19,000 in 2019 on behalf of participants under the plan. Elective deferrals may be made by eligible employees as outlined in the plan document. At varying points during the fiscal year, town contributions consisted of 10% of the wages of one employee, 8% of the wages of another employee, and 5% of the wages for the remaining covered employees as outlined in the plan document. During the fiscal year ended June 30, 2020, approximately 27 employees participated in the plan at some point during the year. Total payroll for Town employees (excluding the Board of Education) was approximately \$2,280,335 of which approximately \$1,641,448 represented wages attributable to plan participants. For the fiscal year ended June 30, 2020, the Town contributed approximately \$89,158 to the plan on-behalf of the plan participants

Note 9 - Board of Education non-certified employee benefit plans

The employees of the Board of Education are covered under a Simplified Employee Pension Plan and a Tax sheltered annuity plan. These plans cover non-certified personnel such as secretaries, custodians, instructional aides, and certain administrative staff. Tax-Sheltered Annuity (TSA) arrangements are a form of defined contribution retirement plan available under Section 403(b) of the Internal Revenue Code. They are available to employees of Code Section 501(C)(3) tax-exempt organizations such as public colleges, universities and school systems. Subject to various limitations and restrictions, IRC §403(b) allows tax-deferred contributions to be made for the employees through salary reduction contributions of the employees. IRC §403(b) contributions must be invested in annuity contracts issued by life insurance companies or in shares of regulated investment companies (mutual funds) held in custodial accounts for the employee. Under the arrangement, a portion of the employee's compensation (determined by the employee within the limitations imposed by the Internal Revenue Code) is applied on a before-tax basis to an annuity contract or mutual fund shares owned by the employee. These amounts, together with any investment earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary) in the form of benefits, normally during retirement. The Board of Education contributes between 6.00% and 13.0% of the covered employees wages. For the fiscal year ended June 30, 2020, approximately 3 employees participated in the plan at some point during the year. Total payroll for all employees including those eligible for the plan and those covered by other plans was approximately \$9,385,721, of which approximately \$180,093, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2020, the Board of Education contributed \$15,432 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 \$57,000 in 2020 and \$56,000 in 2019 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 2020 and 2019). 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, 2020, approximately 39 employees participated in the plan at some point during the year. Total payroll for all employees including those eligible for the plan and those covered by other plans was approximately \$9,385,721, of which approximately \$1,590,478, represented the wages attributable to plan participants. For the fiscal year ended June 30, 2020, the Board of Education contributed \$101,260 to the plan on-behalf of the plan participants.

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Note 10 - Employees' retirement plans

Connecticut Teachers' Retirement System

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

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. Effective January 1, 2018, the required contribution increased to 7% of the pensionable salary.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net pension liability. For the year ended June 30, 2020, the Town recognized pension revenue and expense of \$3,446,614 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	28,062,991
Total	\$ 28,062,991

Town of Bolton, Connecticut
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Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly
Mortality rates	Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

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

Long-term rate of return - The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the Treasurers office are summarized in the following table. The geometric rates of expected return shown in the following table are nominal returns net of investment expenses.

Asset class	Expected return	Target allocation	Standard deviation
Public equity - U.S. equity	8.1%	20.0%	17.0%
Public equity - International developed equity	8.5%	11.0%	19.0%
Public equity - Emerging markets equity	10.4%	9.0%	24.0%
Fixed income - Core fixed income	4.6%	16.0%	7.0%
Fixed income - Inflation linked bonds	3.6%	5.0%	7.0%
Fixed income - High yield	6.5%	6.0%	11.0%
Fixed income - Emerging market debt	5.2%	5.0%	11.0%
Private equity	9.8%	10.0%	23.0%
Real estate	7.0%	10.0%	15.0%
Alternative investments - Real assets	8.2%	4.0%	17.0%
Alternative investments - Hedge funds	5.4%	3.0%	7.0%
Liquidity fund	2.9%	1.0%	1.0%

Discount rate - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 11 - Other Post Employment Benefits - OPEB

Connecticut Teachers' Retirement System

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

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

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

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OPEB liabilities, OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB - The Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability. For the year ended June 30, 2020, the Town recognized OPEB revenue and expense of a negative (\$320,263) for on-behalf amounts for the benefits provided by the State.

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	4,376,582
Total	<u><u>\$ 4,376,582</u></u>

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Real wage growth	0.75%	
Wage inflation	3.25%	
Salary increases	3.25% - 6.50%, including inflation	
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation	
Discount rate	3.50% as of June 30, 2019 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date	
Healthcare cost trend rates: Pre-medicare	5.95% for 2018, decreasing to an ultimate rate of 4.75% by 2025	
Medicare	5.00% for 2018, decreasing to an ultimate rate of 4.75% by 2028	
Mortality rates	Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.	

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

Asset class	Target allocation	Expected 10-Year geometric real rate of return	Standard deviation
U.S. Treasuries (cash equivalents)	100.0%	0.41%	2.31%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		3.00%	

Town of Bolton, Connecticut
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Discount rate - The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

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

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 12 - Other Post Employment Benefits - OPEB

Post-Retirement Healthcare Plan

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

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

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Employees covered by benefit terms - The following employees were covered by the benefit terms of the Plan as of July 1, 2019, the date of the last actuarial valuation.

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

Total OPEB liability - The Town's total OPEB liability was \$1,788,829 as of June 30, 2020. The July 1, 2019 actuarial valuation directly calculated the July 1, 2019 liability. The July 1, 2019 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2020. The liability as of June 30, 2020 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Actuarial assumptions and other inputs - The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	July 1, 2019 as adjusted for June 30, 2020 reporting
Actuarial cost method	Entry age normal
Amortization method	Level percentage of salary
Amortization period	30 years on an open basis, as a level dollar amount
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial assumptions	
Inflation	2.60%
Discount rate	2.21% as of June 30, 2020 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2020.
Rate of compensation increase	2.60%
Healthcare cost trend rates	6.50% for 2019, decreasing .20% per year, to a rate of 4.60% for 2029 and later
Mortality rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

Changes in the total OPEB liability - The changes in the total OPEB liability of the Plan are made up of the following items as of June 30, 2020:

	Total OPEB liability
Balance as of June 30, 2019	\$ 1,605,695
Changes for the year:	
Service cost	60,682
Interest	56,614
Changes of benefit terms	-
Differences between expected and actual experience	-29,333
Changes of assumptions	203,005
Benefit payments	-107,834
Net changes	183,134
Balance as of June 30, 2020	\$ 1,788,829

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current discount rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 2,012,974	\$ 1,788,829	\$ 1,596,300

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

	1% Decrease (5.50% decreasing to 3.60%)	Current trend rates (6.50% decreasing to 4.60%)	1% Increase (7.50% decreasing to 5.60%)
Total OPEB liability	\$ 1,544,375	\$ 1,788,829	\$ 2,086,265

OPEB expense and Deferred outflows and inflows of resources related to OPEB - For the year ended June 30, 2020, the Town's actuarial determined OPEB expense was \$114,389. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 43,251	\$ -27,310
Changes of assumptions	243,499	-39,485
Total	\$ 286,750	\$ -66,795

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the actuarial determined OPEB expense as follows:

Fiscal year ended June 30:

2021	\$ 16,563
2022	16,563
2023	16,563
2024	16,563
2025	16,563
Thereafter	137,140
	\$ 219,955

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

Note 13 - On-behalf payments

The Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement Board Pension and OPEB Contributions made by the State of Connecticut on-behalf of the Bolton School Department teachers for the fiscal year ended June 30, 2020 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, 2020, the Town recognized on-behalf pension revenue and expense of \$3,446,614 and on-behalf OPEB revenue and expense of a negative (\$320,263) for these benefits provided by the State of Connecticut for a total of \$3,126,351. These on-behalf amounts were determined based on the most recent actuarial valuation as of June 30, 2018. These amounts were not budgeted for in the general fund and results in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. A separate intergovernmental revenue and education expenditure in the amount of \$3,126,351 have been included in the general fund on Statement D (GAAP basis) and have not been reported in the detail of Statement E (budgetary basis). There is no effect on fund balance at the end of the fiscal year. A separate operating grants and contributions revenue and education expense in the amount of \$3,126,351 have been included on Statement B. There is no effect on the net position balance at the end of the fiscal year.

Note 14 - Committed general fund balance

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

	Committed fund balance 07/01/19	Annual appropriations	Revenues	Expenditures	Transfers	Committed fund balance 06/30/20
General government:						
Employment separation funds	\$ 134,868	\$ 50,000	\$ -	\$ -123,672	\$ -	\$ 61,196
Bolton founders day funds	45,455	25,000	19,198	-6,521	-	83,132
Economic development funds	2,198	-	3,406	-179	-	5,425
	<u>\$ 182,521</u>	<u>\$ 75,000</u>	<u>\$ 22,604</u>	<u>\$ -130,372</u>	<u>\$ -</u>	<u>\$ 149,753</u>

Note 15 - Assigned general fund balance

The management of the Town of Bolton, at the direction of the Board of Finance, sets aside a portion of the Town's unassigned general fund balance to provide required resources to meet operating needs during unforeseen future financial emergencies and to allow for other unforeseen needs of an emergency nature. During the current fiscal year the Town took this ending assigned fund balance amount as of June 30, 2019 which was \$1,638,810, added the general fund interest earned during the fiscal year through the money market account set aside for the deposit of these funds in the amount of \$22,534, the maximum remaining budgeted contingency amount of \$25,000 and the annual principal addition of \$50,000 as set forth in the annual operating budget approved at town referendum. This current year activity brings this assigned general fund balance amount to \$1,736,344. The Town also voted to use a portion of the accumulated unassigned general fund balance as of June 30, 2020 as funding for the budget for the fiscal year ended June 30, 2021 by the Board of Finance at a regular meeting on May 21, 2020 under an executive order from the Governor. The approved amount was \$2,037,732 which is also recorded as assigned general fund balance bringing the total assigned general fund balance amount as of June 30, 2020 to \$3,774,076.

Note 16 - Deficit fund balances

In accordance with generally accepted accounting principles, all deficit fund balances and their nature must be disclosed. The following individual non-major special revenue funds currently have deficit fund balances totaling (\$952). This deficit total includes the 07-09 Idea Part B section 611 grant of (\$12), the 07-08 open choice grant of (\$416), the 11-12 PACT grant of (\$478) and the 13-14 PACT grant of (\$46). It is anticipated that additional grant dollars as well as subsequent fiscal year transfers will clear out any remaining deficit balances in these non-major special revenue funds.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

Note 17 - Subsequent events

The Town has evaluated subsequent events through February 27, 2021, the date to which the financial statements were available to be issued. The Town entered into a general obligation refunding bonds agreement as dated February 26, 2021. The refunding bonds carry a par amount of \$2,690,000 along with a net original issue premium amount of \$171,602 for a total bond refunding proceeds amount of \$2,861,602. Of this amount, \$2,764,965 will be deposited into a bond refunding escrow account, \$24,210 represents the underwriters discount and \$72,427 represents proceeds that will go to the Town in order to pay the related issuance costs of the refunding. The proceeds being deposited into the bond refunding escrow account will be used to purchase escrow securities from the U.S. Treasury. The securities within this bond refunding escrow account will be used to pay the debt defeased as part of this refunding which related to the 2012 general obligation bonds of the Town.

Note 18 - Commitments and contingencies - Contingent debt

During April of 2003, an enacting ordinance was adopted by the Towns of Bolton and Vernon creating the Bolton Lakes Regional Water Pollution Control Authority (the Authority). This entity was established for the purpose of constructing and operating a regional sewage system that would benefit the two municipalities. In connection with this enacting ordinance, the two Towns entered into a financing agreement during 2005 whereby each would guarantee its proportionate shares of debt service costs on bonding secured for the systems construction. As of June 30, 2017, long-term financing through the State of Connecticut Clean Water Fund was established. The outstanding debt of the Authority as supplied by the Authority totaled \$6,986,060 as of June 30, 2020. The Towns percentage of this debt is approximately 71% for a total contingent debt amount of \$4,960,103 as of June 30, 2020.

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 January of 2017 through January of 2022. Monthly payments under this lease agreement are \$260 which equals annual payments of \$3,120.

Note 20 - 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, 2020 may be impaired. In the opinion of the management of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned grant dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants could result in a loss to the Town.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

The Town and the Board of Education have entered into a joint agreement with the Capital Regional Education Council for computer system maintenance and technical services. This agreement is for the one year period of July 1, 2020 through June 30, 2021 at an annual fee of \$123,415. The Town and the Board of Education entered into a one year agreement through June 30, 2021 to purchase diesel fuel at an agreed upon per gallon rate, excluding applicable taxes, for a specified minimum number of gallons. Diesel fuel will be purchase at a rate of \$1.8540 for a contract allocation of 22,000 gallons or \$40,788. If gallons purchased exceed 100% of the gallons allocated or are less than 100% of the gallons allocated, the contract provides options for the vendor for either selling additional gallons or billing the town for the unused and un-lifted volume. The town clerks office entered into a forty-one month hosted services contract from February 1, 2020 through June 30, 2023. The first four monthly payments are \$590 through June 30, 2020. Monthly payments, thereafter, are \$650 at an annual cost of \$7,800. The Town entered into a community payment agreement with the Connecticut Natural Gas Corporation (CNG) in relation to the intent of CNG to install approximately six miles of natural gas pipeline within the Town to provide natural gas to numerous commercial and residential properties within and including the Town. The agreement is designed to partially offset the revenue requirement associated with the cost of construction of the pipeline. Once the pipeline construction was completed, CNG connected service to all eligible municipal buildings adjacent to the pipeline. In relation to this agreement, the Town agreed to make an aggregate community contribution to CNG in the amount of \$216,000 starting one year after completion of the project and payable over seven years at an annual amount of \$31,000 for the first six years and \$30,000 for the final year. As of June 30, 2020, the Town has made two annual payments totaling \$62,000.

The Board of Education has entered into a bus transportation agreement with M&J Bus, Inc. for the purpose of providing transportation services for the school children of the Town of Bolton in compliance with local policies and legal requirements. This agreement runs from July 1, 2016 through June 30, 2021. The base costs associated with this lease for conventional buses and Type II wheelchair lift school buses are \$275, \$283, \$291, \$300 and \$308, 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. The Board has entered into a food services collaboration pilot program agreement. The agreement is for a three year period from July 1, 2019 through June 30, 2022 at annual amounts of \$22,000, \$22,500 and \$23,000, respectively. The Board has entered into an athletic training services agreement. The agreement is for a three year period from August 24, 2020 through June 23, 2023 at annual amounts of \$19,000.

Note 21 - Recently issued accounting standards not yet effective

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which delayed the effective date of this statement by one year. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one and a half years. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

Town of Bolton, Connecticut
Notes to the basic financial statements
June 30, 2020

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed the effective date of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, each with a different effective date ranging from being effective on issuance to being for the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. 95 which delayed each of the effective dates of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for the Town's reporting period beginning July 1, 2020. Because of the COVID-19 pandemic, in May 2020 the GASB issued Statement No. which delayed the effective date of this statement by one year. The Town does not expect this statement to have a material effect on its financial statements.

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

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

	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	28,062,991	21,638,197	22,814,406	24,069,374	18,187,832	16,811,006
Total	\$ 28,062,991	\$ 21,638,197	\$ 22,814,406	\$ 24,069,374	\$ 18,187,832	\$ 16,811,006
Town's covered-employee payroll	\$ 7,215,418	\$ 7,103,546	\$ 7,231,353	\$ 6,969,983	\$ 6,760,514	\$ 6,516,162
Town's proportion share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to schedule:Changes in benefit terms and assumptions:

There were no changes to benefit terms. The discount rate was decreased from 8.00% to 6.90% as was the investment rate of return. The expected rate of inflation was decreased from 2.75% to 2.50%

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

Inflation	2.50%
Salary increases	3.25% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly
Mortality rates	Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale

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

	2020	2019	2018
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>4,376,582</u>	<u>4,325,603</u>	<u>5,872,184</u>
Total	<u>\$ 4,376,582</u>	<u>\$ 4,325,603</u>	<u>\$ 5,872,184</u>
Town's covered-employee payroll	<u>\$ 7,215,418</u>	<u>\$ 7,103,546</u>	<u>\$ 7,231,353</u>
Town's proportion share of the net OPEB liability as a percentage of its covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Notes to schedule:Changes in benefit terms and assumptions:

There were no changes in benefit terms. The discount rate decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased from 2.75% to 2.50% and the Real Wage Growth assumption was increased from .50% to .75%.

Methods and assumptions used in calculations of actuarial determined contributions:

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

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Discount rate	3.50% as of June 30, 2018 which is equal to the published Bond Buyer Go 20-Bond Municipal Index rate as of the measurement date
Healthcare cost trend rates: Pre-medicare	5.95% for 2018, decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018, decreasing to an ultimate rate of 4.75% by 2028
Mortality rates:	Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 60,682	\$ 53,870	\$ 54,668
Interest	56,614	57,988	53,197
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-29,333	22,953	29,666
Changes of assumptions	203,005	63,284	-49,874
Benefit payments	<u>-107,834</u>	<u>-73,146</u>	<u>-75,699</u>
Net change in total OPEB liability	183,134	124,949	11,958
Total OPEB liability - beginning	<u>1,605,695</u>	<u>1,480,746</u>	<u>1,468,788</u>
Total OPEB liability - ending	<u><u>\$ 1,788,829</u></u>	<u><u>\$ 1,605,695</u></u>	<u><u>\$ 1,480,746</u></u>
Covered payroll	<u><u>\$ 9,519,475</u></u>	<u><u>\$ 10,022,318</u></u>	<u><u>\$ 9,768,341</u></u>
Total OPEB liability as a percentage of covered payroll	<u><u>18.79%</u></u>	<u><u>16.02%</u></u>	<u><u>15.16%</u></u>

Town of Bolton, Connecticut
Combining Balance sheet and Statement of revenues, expenditures
and changes in fund balances - Non-major governmental funds
As of and for the year ended June 30, 2020

	Non-major special funds	Non-major permanent funds	Totals
Assets			
Cash	\$ 238,652	\$ -	\$ 238,652
Investments	-	196,595	196,595
Accounts receivable	81,084	-	81,084
Inventories and prepaid items	10,112	-	10,112
Due from other funds	748,116	-	748,116
Total assets	<u>1,077,964</u>	<u>196,595</u>	<u>1,274,559</u>
Liabilities			
Accrued liabilities	97,465	-	97,465
Other liabilities	2,343	-	2,343
Due to other funds	52,715	-	52,715
Total liabilities	<u>152,523</u>	<u>-</u>	<u>152,523</u>
Fund balance			
Nonspendable	10,112	117,905	128,017
Restricted	399,152	78,690	477,842
Committed	495,745	-	495,745
Assigned	21,384	-	21,384
Unassigned	-952	-	-952
Total fund balance	<u>925,441</u>	<u>196,595</u>	<u>1,122,036</u>
Total liabilities and fund balance	<u>\$ 1,077,964</u>	<u>\$ 196,595</u>	<u>\$ 1,274,559</u>
Revenues			
Intergovernmental	\$ 1,433,019	\$ -	\$ 1,433,019
Charges for services	182,189	-	182,189
Interest income	1,885	3,182	5,067
Miscellaneous	63,769	-	63,769
Total revenues	<u>1,680,862</u>	<u>3,182</u>	<u>1,684,044</u>
Expenditures			
Wages and benefits	627,682	-	627,682
Program operating costs	501,753	-	501,753
Capital outlay	733,643	-	733,643
Total expenditures	<u>1,863,078</u>	<u>-</u>	<u>1,863,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-182,216</u>	<u>3,182</u>	<u>-179,034</u>
Other financing sources (uses)			
Transfers in	33,185	-	33,185
Transfers out	-	-	-
Total other financing sources (uses)	<u>33,185</u>	<u>-</u>	<u>33,185</u>
Net change in fund balance	-149,031	3,182	-145,849
Fund balance - July 1	<u>1,074,472</u>	<u>193,413</u>	<u>1,267,885</u>
Fund balance - June 30	<u>\$ 925,441</u>	<u>\$ 196,595</u>	<u>\$ 1,122,036</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, 2020

	Covid-19 State CRF grant Fund 1005	Buildings and grounds Fund 2821	Mers documentation fees Fund 2822	Historic documentation fees Fund 2822	Historic documentation grant Fund 2822
Assets					
Cash	\$ -	\$ 65,425	\$ 25	\$ 243	\$ -
Investments	-	-	-	-	-
Accounts receivable	17,958	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	6,165	18,304	-
Total assets	17,958	65,425	6,190	18,547	-
Liabilities					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	17,958	-	-	-	-
Total liabilities	17,958	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	6,190	18,547	-
Committed	-	65,425	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	65,425	6,190	18,547	-
Total liabilities and fund balance	\$ 17,958	\$ 65,425	\$ 6,190	\$ 18,547	\$ -
Revenues					
Intergovernmental	\$ 17,958	\$ -	\$ -	\$ -	\$ 5,500
Charges for services	-	1,650	1,180	1,626	-
Interest income	-	710	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	17,958	2,360	1,180	1,626	5,500
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	17,958	-	-	-	5,500
Capital outlay	-	-	-	-	-
Total expenditures	17,958	-	-	-	5,500
Excess (deficiency) of revenues over (under) expenditures	-	2,360	1,180	1,626	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	2,360	1,180	1,626	-
Fund balance - July 1	-	63,065	5,010	16,921	-
Fund balance - June 30	\$ -	\$ 65,425	\$ 6,190	\$ 18,547	\$ -

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, 2020

	Connecticard library grant Fund 2822	Connecticut library grant Fund 2822	Lower Bolton lakes grant Fund 2822	East coast greenway grant Fund 2822	Animal control fund Fund 2826
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 23,573
Investments	-	-	-	-	-
Accounts receivable	-	-	12,734	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	642	9	-	1,373	309
Total assets	642	9	12,734	1,373	23,882
Liabilities					
Accrued liabilities	-	-	7,671	-	2,498
Other liabilities	-	-	-	-	-
Due to other funds	-	-	5,063	-	-
Total liabilities	-	-	12,734	-	2,498
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	642	9	-	1,373	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	21,384
Unassigned	-	-	-	-	-
Total fund balance	642	9	-	1,373	21,384
Total liabilities and fund balance	\$ 642	\$ 9	\$ 12,734	\$ 1,373	\$ 23,882
Revenues					
Intergovernmental	\$ 630	\$ -	\$ 27,233	\$ -	\$ -
Charges for services	-	-	-	-	1,641
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	630	-	27,233	-	1,641
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	3,390	2,915	27,233	-	3,044
Capital outlay	-	-	-	-	-
Total expenditures	3,390	2,915	27,233	-	3,044
Excess (deficiency) of revenues over (under) expenditures	-2,760	-2,915	-	-	-1,403
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-2,760	-2,915	-	-	-1,403
Fund balance - July 1	3,402	2,924	-	1,373	22,787
Fund balance - June 30	\$ 642	\$ 9	\$ -	\$ 1,373	\$ 21,384

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, 2020

	LOCIP town garage grant Fund 2855	Resident assistance Fund 2860	Open space Fund 2870	Conservation activities Fund 2873	Bentley memorial library Fund 2875
Assets					
Cash	\$ -	\$ 250	\$ 51,613	\$ -	\$ 37,173
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	44,544	8,611	2,922	-
Total assets	-	44,794	60,224	2,922	37,173
Liabilities					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	44,794	60,224	2,922	37,173
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	44,794	60,224	2,922	37,173
Total liabilities and fund balance	\$ -	\$ 44,794	\$ 60,224	\$ 2,922	\$ 37,173
Revenues					
Intergovernmental	\$ 287,812	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	2,180	-
Interest income	-	-	87	-	398
Miscellaneous	-	17,265	-	-	1,130
Total revenues	287,812	17,265	87	2,180	1,528
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	-	-	-	3,202	-
Capital outlay	287,812	-	-	-	-
Total expenditures	287,812	-	-	3,202	-
Excess (deficiency) of revenues over (under) expenditures	-	17,265	87	-1,022	1,528
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	17,265	87	-1,022	1,528
Fund balance - July 1	-	27,529	60,137	3,944	35,645
Fund balance - June 30	\$ -	\$ 44,794	\$ 60,224	\$ 2,922	\$ 37,173

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, 2020

	Recycling and refuse fund Fund 2955	Town aid roads Fund 2963	Heritage farm Fund 2967	Recreation round Fund 2970	Reimbursable building fees Fund 2988
Assets					
Cash	\$ 2,500	\$ -	\$ 35,980	\$ 2,568	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	5,000	237,686	-	237,594	1,967
Total assets	7,500	237,686	35,980	240,162	1,967
Liabilities					
Accrued liabilities	-	73,200	189	1,889	343
Other liabilities	-	-	-	-	1,624
Due to other funds	-	-	-	-	-
Total liabilities	-	73,200	189	1,889	1,967
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	164,486	-	-	-
Committed	7,500	-	35,791	238,273	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	7,500	164,486	35,791	238,273	-
Total liabilities and fund balance	\$ 7,500	\$ 237,686	\$ 35,980	\$ 240,162	\$ 1,967
Revenues					
Intergovernmental	\$ -	\$ 200,011	\$ -	\$ -	\$ -
Charges for services	-	-	-	66,901	-
Interest income	-	-	561	-	-
Miscellaneous	2,500	-	10,451	6,092	-
Total revenues	2,500	200,011	11,012	72,993	-
Expenditures					
Wages and benefits	-	-	-	89,393	-
Program operating costs	-	-	6,003	29,084	-
Capital outlay	-	290,931	17,150	-	-
Total expenditures	-	290,931	23,153	118,477	-
Excess (deficiency) of revenues over (under) expenditures	2,500	-90,920	-12,141	-45,484	-
Other financing sources (uses)					
Transfers in	-	-	-	33,185	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	33,185	-
Net change in fund balance	2,500	-90,920	-12,141	-12,299	-
Fund balance - July 1	5,000	255,406	47,932	250,572	-
Fund balance - June 30	\$ 7,500	\$ 164,486	\$ 35,791	\$ 238,273	\$ -

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, 2020

	Maintenance escrow Fund 2990	Rental escrow Fund 2992	Special education excess costs Fund 2625	School lunch program Fund 2650	Idea Part B section 611 18-21 Fund 2651
Assets					
Cash	\$ 2,964	\$ 8,114	\$ -	\$ 7,571	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	28,114	-
Inventories and prepaid items	-	-	-	6,832	-
Due from other funds	150	-	1	7,034	1,092
Total assets	3,114	8,114	1	49,551	1,092
Liabilities					
Accrued liabilities	-	-	-	5,187	-
Other liabilities	-	-	-	-	-
Due to other funds	-	7,585	-	-	-
Total liabilities	-	7,585	-	5,187	-
Fund balance					
Nonspendable	-	-	-	6,832	-
Restricted	-	-	1	37,532	1,092
Committed	3,114	529	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	3,114	529	1	44,364	1,092
Total liabilities and fund balance	\$ 3,114	\$ 8,114	\$ 1	\$ 49,551	\$ 1,092
Revenues					
Intergovernmental	\$ -	\$ -	\$ 24,432	\$ 127,869	\$ 12,155
Charges for services	-	7,650	-	99,361	-
Interest income	-	129	-	-	-
Miscellaneous	-	-	-	20	-
Total revenues	-	7,779	24,432	227,250	12,155
Expenditures					
Wages and benefits	-	-	-	114,640	-
Program operating costs	-	7,650	24,432	117,026	13,155
Capital outlay	-	-	-	-	-
Total expenditures	-	7,650	24,432	231,666	13,155
Excess (deficiency) of revenues over (under) expenditures	-	129	-	-4,416	-1,000
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	129	-	-4,416	-1,000
Fund balance - July 1	3,114	400	1	48,780	2,092
Fund balance - June 30	\$ 3,114	\$ 529	\$ 1	\$ 44,364	\$ 1,092

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, 2020

	Idea Part B section 611 19-21 Fund 2651	Idea Part B section 619 18-21 Fund 2651	Idea Part B section 619 19-21 Fund 2651	Title I 18-21 Fund 2651	Title I 19-21 Fund 2651
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	854	-	1,295	-	2,202
Total assets	854	-	1,295	-	2,202
Liabilities					
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	854	-	1,295	-	2,202
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	854	-	1,295	-	2,202
Total liabilities and fund balance	\$ 854	\$ -	\$ 1,295	\$ -	\$ 2,202
Revenues					
Intergovernmental	\$ 149,100	\$ 850	\$ 1,840	\$ 1,448	\$ 18,521
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	149,100	850	1,840	1,448	18,521
Expenditures					
Wages and benefits	148,246	-	-	-	3,990
Program operating costs	-	876	545	1,800	12,329
Capital outlay	-	-	-	-	-
Total expenditures	148,246	876	545	1,800	16,319
Excess (deficiency) of revenues over (under) expenditures	854	-26	1,295	-352	2,202
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	854	-26	1,295	-352	2,202
Fund balance - July 1	-	26	-	352	-
Fund balance - June 30	\$ 854	\$ -	\$ 1,295	\$ -	\$ 2,202

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, 2020

	Title II-A 19-21 Fund 2651	Title IV-A 18-21 Fund 2651	Title IV-A 19-21 Fund 2651	Open choice program 17-18 Fund 2651	Open choice program 18-19 Fund 2651
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	1,955	-
Due from other funds	1,200	-	-	-	-
Total assets	1,200	-	-	1,955	-
Liabilities					
Accrued liabilities	400	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	400	-	-	-	-
Fund balance					
Nonspendable	-	-	-	1,955	-
Restricted	800	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	800	-	-	1,955	-
Total liabilities and fund balance	\$ 1,200	\$ -	\$ -	\$ 1,955	\$ -
Revenues					
Intergovernmental	\$ 6,000	\$ -	\$ 9,357	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	6,000	-	9,357	-	-
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	5,200	450	9,357	1,671	177,866
Capital outlay	-	-	-	-	-
Total expenditures	5,200	450	9,357	1,671	177,866
Excess (deficiency) of revenues over (under) expenditures	800	-450	-	-1,671	-177,866
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	800	-450	-	-1,671	-177,866
Fund balance - July 1	-	450	-	3,626	177,866
Fund balance - June 30	\$ 800	\$ -	\$ -	\$ 1,955	\$ -

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, 2020

	Open choice program 19-20 Fund 2651	Sheff settlement 19-20 Fund 2651	TEAM mentor grant 19-20 Fund 2651	Perkins grant 19-20 Fund 2651	Covid-19 stabilization grant 19-20 Fund 2651
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	17,146
Inventories and prepaid items	1,325	-	-	-	-
Due from other funds	115,186	2,000	-	719	-
Total assets	116,511	2,000	-	719	17,146
Liabilities					
Accrued liabilities	3,096	2,000	-	-	-
Other liabilities	-	-	-	719	-
Due to other funds	-	-	-	-	17,146
Total liabilities	3,096	2,000	-	719	17,146
Fund balance					
Nonspendable	1,325	-	-	-	-
Restricted	112,090	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	113,415	-	-	-	-
Total liabilities and fund balance	\$ 116,511	\$ 2,000	\$ -	\$ 719	\$ 17,146
Revenues					
Intergovernmental	\$ 434,619	\$ 66,375	\$ 1,929	\$ 3,013	\$ 17,146
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	20,000	-	-	-	-
Total revenues	454,619	66,375	1,929	3,013	17,146
Expenditures					
Wages and benefits	209,661	56,775	1,929	-	-
Program operating costs	10,939	9,600	-	3,013	-
Capital outlay	120,604	-	-	-	17,146
Total expenditures	341,204	66,375	1,929	3,013	17,146
Excess (deficiency) of revenues over (under) expenditures	113,415	-	-	-	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	113,415	-	-	-	-
Fund balance - July 1	-	-	-	-	-
Fund balance - June 30	\$ 113,415	\$ -	\$ -	\$ -	\$ -

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, 2020

	Perkins V grant 19-20 Fund 2651	ERASE grant 19-20 Fund 2651	Medicaid funds 19-20 Fund 2651	Prior years program balances Fund 2651	Totals
Assets					
Cash	\$ -	\$ -	\$ 653	\$ -	\$ 238,652
Investments	-	-	-	-	-
Accounts receivable	4,411	-	721	-	81,084
Inventories and prepaid items	-	-	-	-	10,112
Due from other funds	-	1,739	46,793	2,725	748,116
Total assets	<u>4,411</u>	<u>1,739</u>	<u>48,167</u>	<u>2,725</u>	<u>1,077,964</u>
Liabilities					
Accrued liabilities	400	-	592	-	97,465
Other liabilities	-	-	-	-	2,343
Due to other funds	4,011	-	-	952	52,715
Total liabilities	<u>4,411</u>	<u>-</u>	<u>592</u>	<u>952</u>	<u>152,523</u>
Fund balance					
Nonspendable	-	-	-	-	10,112
Restricted	-	1,739	47,575	2,725	399,152
Committed	-	-	-	-	495,745
Assigned	-	-	-	-	21,384
Unassigned	-	-	-	-952	-952
Total fund balance	<u>-</u>	<u>1,739</u>	<u>47,575</u>	<u>1,773</u>	<u>925,441</u>
Total liabilities and fund balance	<u>\$ 4,411</u>	<u>\$ 1,739</u>	<u>\$ 48,167</u>	<u>\$ 2,725</u>	<u>\$ 1,077,964</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ 19,221	\$ -	\$ 1,433,019
Charges for services	-	-	-	-	182,189
Interest income	-	-	-	-	1,885
Miscellaneous	4,411	1,900	-	-	63,769
Total revenues	<u>4,411</u>	<u>1,900</u>	<u>19,221</u>	<u>-</u>	<u>1,680,862</u>
Expenditures					
Wages and benefits	3,000	-	48	-	627,682
Program operating costs	1,411	161	5,943	-	501,753
Capital outlay	-	-	-	-	733,643
Total expenditures	<u>4,411</u>	<u>161</u>	<u>5,991</u>	<u>-</u>	<u>1,863,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,739</u>	<u>13,230</u>	<u>-</u>	<u>-182,216</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	33,185
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,185</u>
Net change in fund balance	<u>-</u>	<u>1,739</u>	<u>13,230</u>	<u>-</u>	<u>-149,031</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>34,345</u>	<u>1,773</u>	<u>1,074,472</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ 1,739</u>	<u>\$ 47,575</u>	<u>\$ 1,773</u>	<u>\$ 925,441</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, 2020

	David Taylor trust Fund 8200	Metcalf Cemetery trust Fund 8200	Phebe Talcott library trust Fund 8200	Elizabeth Steele library trust Fund 8200	Frank Sumner library trust Fund 8200
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	1,538	923	188	906	5,553
Accounts receivable	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>1,538</u>	<u>923</u>	<u>188</u>	<u>906</u>	<u>5,553</u>
Liabilities					
Accrued liabilities	-	-	-	-	-
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	703	423	88	406	2,553
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>1,538</u>	<u>923</u>	<u>188</u>	<u>906</u>	<u>5,553</u>
Total liabilities and fund balance	<u>\$ 1,538</u>	<u>\$ 923</u>	<u>\$ 188</u>	<u>\$ 906</u>	<u>\$ 5,553</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	23	14	3	14	84
Miscellaneous	-	-	-	-	-
Total revenues	<u>23</u>	<u>14</u>	<u>3</u>	<u>14</u>	<u>84</u>
Expenditures					
Wages and benefits	-	-	-	-	-
Program operating costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23</u>	<u>14</u>	<u>3</u>	<u>14</u>	<u>84</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	23	14	3	14	84
Fund balance - July 1	<u>1,515</u>	<u>909</u>	<u>185</u>	<u>892</u>	<u>5,469</u>
Fund balance - June 30	<u>\$ 1,538</u>	<u>\$ 923</u>	<u>\$ 188</u>	<u>\$ 906</u>	<u>\$ 5,553</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, 2020

	Herrick library trust Fund 8200	Herrick park trust Fund 8200	Erna Loomis school trust Fund 5203	Totals
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	36,271	125,542	25,674	196,595
Accounts receivable	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>36,271</u>	<u>125,542</u>	<u>25,674</u>	<u>196,595</u>
Liabilities				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance				
Nonspendable	19,733	68,237	25,000	117,905
Restricted	16,538	57,305	674	78,690
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>36,271</u>	<u>125,542</u>	<u>25,674</u>	<u>196,595</u>
Total liabilities and fund balance	<u>\$ 36,271</u>	<u>\$ 125,542</u>	<u>\$ 25,674</u>	<u>\$ 196,595</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest income	549	1,900	595	3,182
Miscellaneous	-	-	-	-
Total revenues	<u>549</u>	<u>1,900</u>	<u>595</u>	<u>3,182</u>
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>549</u>	<u>1,900</u>	<u>595</u>	<u>3,182</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	549	1,900	595	3,182
Fund balance - July 1	<u>35,722</u>	<u>123,642</u>	<u>25,079</u>	<u>193,413</u>
Fund balance - June 30	<u>\$ 36,271</u>	<u>\$ 125,542</u>	<u>\$ 25,674</u>	<u>\$ 196,595</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, 2020

	Town capital reserve Fund 2960	School capital reserve Fund 3452	BHS construction project Fund 3482	BCS paving and sidewalks Fund 3482
Assets				
Cash	\$ -	\$ 370,797	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	1,114,668	-	640,342	97,429
Total assets	<u>1,114,668</u>	<u>370,797</u>	<u>640,342</u>	<u>97,429</u>
Liabilities				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	119,445	-	-
Total liabilities	<u>-</u>	<u>119,445</u>	<u>-</u>	<u>-</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	1,114,668	251,352	640,342	97,429
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>1,114,668</u>	<u>251,352</u>	<u>640,342</u>	<u>97,429</u>
Total liabilities and fund balance	<u>\$ 1,114,668</u>	<u>\$ 370,797</u>	<u>\$ 640,342</u>	<u>\$ 97,429</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	541,250	-	-
Interest income	-	7,964	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>549,214</u>	<u>-</u>	<u>-</u>
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	-	506,362	-	-
Capital outlay	208,211	-	-	-
Total expenditures	<u>208,211</u>	<u>506,362</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-208,211</u>	<u>42,852</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	514,711	-	-	97,429
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>514,711</u>	<u>-</u>	<u>-</u>	<u>97,429</u>
Net change in fund balance	306,500	42,852	-	97,429
Fund balance - July 1	<u>808,168</u>	<u>208,500</u>	<u>640,342</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,114,668</u>	<u>\$ 251,352</u>	<u>\$ 640,342</u>	<u>\$ 97,429</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, 2020

	BCS facilities improvements Fund 3482	Town Heritage farm improvements Fund 3521	Town fire truck purchase Fund 3521	Totals
Assets				
Cash	\$ -	\$ -	\$ -	\$ 370,797
Investments	-	-	-	-
Accounts receivable	61,599	-	-	61,599
Inventories and prepaid items	-	-	-	-
Due from other funds	29,260	37,650	3,896	1,923,245
Total assets	<u>90,859</u>	<u>37,650</u>	<u>3,896</u>	<u>2,355,641</u>
Liabilities				
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	119,445
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,445</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	90,859	37,650	3,896	2,236,196
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>90,859</u>	<u>37,650</u>	<u>3,896</u>	<u>2,236,196</u>
Total liabilities and fund balance	<u>\$ 90,859</u>	<u>\$ 37,650</u>	<u>\$ 3,896</u>	<u>\$ 2,355,641</u>
Revenues				
Intergovernmental	\$ 61,599	\$ -	\$ -	\$ 61,599
Charges for services	-	-	-	541,250
Interest income	-	-	-	7,964
Miscellaneous	-	-	-	-
Total revenues	<u>61,599</u>	<u>-</u>	<u>-</u>	<u>610,813</u>
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	-	-	-	506,362
Capital outlay	103,247	-	-	311,458
Total expenditures	<u>103,247</u>	<u>-</u>	<u>-</u>	<u>817,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-41,648</u>	<u>-</u>	<u>-</u>	<u>-207,007</u>
Other financing sources (uses)				
Transfers in	-	-	-	612,140
Transfers out	-97,429	-	-	-97,429
Total other financing sources (uses)	<u>-97,429</u>	<u>-</u>	<u>-</u>	<u>514,711</u>
Net change in fund balance	-139,077	-	-	307,704
Fund balance - July 1	<u>229,936</u>	<u>37,650</u>	<u>3,896</u>	<u>1,928,492</u>
Fund balance - June 30	<u>\$ 90,859</u>	<u>\$ 37,650</u>	<u>\$ 3,896</u>	<u>\$ 2,236,196</u>

Town of Bolton, Connecticut
 Schedule of debt limitation
 Connecticut General Statutes, Section 7-374 (b)
 For the year ended June 30, 2020

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 17,729,545
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current fiscal year.	-
Reimbursement for revenue loss on: Tax relief for the elderly - (CGS 12-129d)	-
Total base	<u><u>\$ 17,729,545</u></u>

Debt limitation:	General purposes	Schools	Sewers	Urban renewal	Pension deficit	Total Debt
2 1/4 times base	\$ 39,891,476	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	79,782,953	-	-	-	-
3 3/4 times base	-	-	66,485,794	-	-	-
3 1/4 times base	-	-	-	57,621,021	-	-
3 times base	-	-	-	-	53,188,635	-
7 times base	-	-	-	-	-	124,106,815
Total debt limitation	<u>39,891,476</u>	<u>79,782,953</u>	<u>66,485,794</u>	<u>57,621,021</u>	<u>53,188,635</u>	<u>124,106,815</u>
 Indebtedness:						
General obligation bonds:						
2010 issue	-	425,000	-	-	-	425,000
2012 issue	440,564	2,504,436	-	-	-	2,945,000
2017 issue	445,934	734,066	-	-	-	1,180,000
Advance refunding bonds:						
2017 issue	-	4,945,000	-	-	-	4,945,000
Notes payable	-	37,137	-	-	-	37,137
Capital leases payable	-	-	-	-	-	-
Overlapping debt:						
Bolton Lakes WPCA	-	-	4,960,103	-	-	4,960,103
Authorized but unissued debt	-	-	-	-	-	-
Total indebtedness	<u>886,498</u>	<u>8,645,639</u>	<u>4,960,103</u>	<u>-</u>	<u>-</u>	<u>14,492,240</u>
Debt limitation in excess of outstanding an authorized debt	<u><u>\$ 39,004,978</u></u>	<u><u>\$ 71,137,314</u></u>	<u><u>\$ 61,525,691</u></u>	<u><u>\$ 57,621,021</u></u>	<u><u>\$ 53,188,635</u></u>	<u><u>\$ 109,614,575</u></u>

Town of Bolton, Connecticut
 Schedule of property taxes levied,
 collections, and outstanding balances
 For the year ended June 30, 2020

Grand list	Uncollected taxes 06/30/19	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2018	\$ -	\$ 17,539,800	\$ 43,080	\$ -72,863	\$ 17,510,017
2017	253,187	-	1,067	-2,761	251,493
2016	37,893	-	-	-	37,893
2015	7,709	-	188	-	7,897
2014	5,110	-	-	-	5,110
2013	1,903	-	-	-	1,903
2012	1,109	-	-	-	1,109
2011	1,439	-	-	-	1,439
2010	364	-	-	-	364
2009	377	-	-	-	377
2008	197	-	-	-	197
2007	177	-	-	-	177
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-
	<u>\$ 309,465</u>	<u>\$ 17,539,800</u>	<u>\$ 44,335</u>	<u>\$ -75,624</u>	<u>\$ 17,817,976</u>

Town of Bolton, Connecticut
 Schedule of property taxes levied,
 collections, and outstanding balances
 For the year ended June 30, 2020

Grand list	Collections during the fiscal year			Total	Adjustments	Uncollected taxes 06/30/20
	Taxes	Interest	Lien fees			
2018	\$ 17,379,266	\$ 53,225	\$ 164	\$ 17,432,655	\$ -	\$ 130,751
2017	206,880	45,997	452	253,329	-5,031	39,582
2016	28,747	7,442	120	36,309	-1,767	7,379
2015	1,635	654	24	2,313	-999	5,263
2014	120	301	-	421	-608	4,382
2013	197	201	-	398	-231	1,475
2012	815	941	-	1,756	-235	59
2011	1,029	1,335	-	2,364	-410	-
2010	-	-	-	-	-364	-
2009	-	-	-	-	-314	63
2008	-	-	-	-	-	197
2007	-	-	-	-	-	177
2006	-	-	-	-	-	-
2005	-	-	-	-	-	-
2004	-	-	-	-	-	-
	<u>\$ 17,618,689</u>	<u>\$ 110,096</u>	<u>\$ 760</u>	<u>\$ 17,729,545</u>	<u>\$ -9,959</u>	<u>\$ 189,328</u>

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

\$ 17,539,800	Current year taxes levied from page 70
110,096	Tax interest collections during the current fiscal year from above
760	Tax lien fee collections during the current fiscal year from above
328	Suspense collections during the current fiscal year
-9,959	Account balance adjustments as items transferred to suspense from above
-31,289	The net lawful corrections made during the current fiscal year from page 70
<u>6,591</u>	The unearned tax revenue adjustment made as described in item number 2 on page 16
<u>\$ 17,616,327</u>	Property tax revenues per Statement D and Statement E

B - Operation of Law - No tax can be collected 15 years after the original due date.

C - Taxes transferred (to) and from suspense. Though tax balances are transferred from active status to suspense status they remain collectible. During the current fiscal year \$199 was collected on principal suspense tax balances owed and \$129 of interest and lien fees was collected on principal suspense tax balances owed. In addition, \$0 worth of lawful correction deductions were made to a suspense tax year.

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 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, 2020, 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 February 27, 2021, which contained unmodified opinions on the governmental activities and each major fund. An adverse opinion was issued on the discretely presented component unit financial statements of the Town of Bolton, Connecticut as it relates to the government-wide financial statement exclusion of the financial information of an entity determined to be a component unit. A qualified opinion was also issued on the aggregate remaining fund information financial statements of the Town of Bolton, Connecticut as it relates to the accounting for internal service fund activities. These modified opinions are described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bolton, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 significant deficiencies. These significant deficiencies are noted in the aforementioned schedule as item numbers 2020-01 through 2020-03.

Compliance and other matters

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

The Town of Bolton, Connecticut's Responses to Findings

The Town of Bolton, Connecticut's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Bolton, Connecticut's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Stephen T. Hopkins, CPA, PC

Stephen J. Hopkins, CPA, PC

Scarborough, Maine
February 27, 2021

Town of Bolton, Connecticut
Schedule of findings and questioned costs
June 30, 2020

2020-01 - Town accounting policies and policies and procedures manual

Criteria:

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

Conditions:

As part of the audit, we reviewed a document labeled - Accounting and Finance Operations Document - Department of Finance Policies and Procedures Manual - Town of Bolton, CT - January 2020. This manual was reviewed to determine that the policies and procedures contained within the manual were approved, when they were approved, the adequacy of the policies and procedures and whether or not it appeared as though the policies and procedures were being followed. The only date reference that could be found in the manual related to the title page reference to January 2020. It would appear as though this is when the manual was completed and Board of Selectmen meeting minutes were provided where a newly drafted Financial Policy Manual was approved as dated April 7, 2020. In reviewing the manual it does appear as though it is a very comprehensive document which does cover a number of policies and procedures which would be applicable to a municipal finance office. However, during our review we were unable to determine who actually prepared the manual, under what authority or direction the manual was prepared and whether any of the governing boards of the Town and School had any input in the preparation or approval of the document. The aforementioned Board of Selectmen meeting minutes approving the manual did reference a subcommittee which may have been responsible for preparing the manual though no reference could be found in the manual itself.

It appears as though the manual does not cover a number of additional accounting policies and procedures which are important in ensuring that the financial information available throughout the fiscal year is accurate and presents the true financial position of the Town. Section XI of the manual does address bank reconciliations and states that they are to be prepared by an administrative clerk and approved by the Chief Financial Officer within 30 days of the bank closing. However, this section does not seem to be addressing the bank reconciliations of the student activity accounts as they are not reviewed by Chief Financial Officer. Section I of the manual states that, "The procedures outlined on the following pages reflect the current tasks and transactions necessary to process and complete any and all financially related transactions performed by the Town of Bolton. This includes but is not limited to the following entities: Town of Bolton, CT and Bolton Public Schools." In addition, we were unable to locate any references in the manual to reconciliations of accounts other than bank accounts that are included in the trial balance of the Town such as accounts receivable, accounts payable, deferred revenue and other non-cash asset and liability accounts. The manual would ideally address who would be preparing these reconciliations, who would be reviewing these reconciliations, how frequently they were to be prepared and the format of the documentation of the reconciliations once completed. Section XI of the manual states that, "Revenue and expenditure detail for each account is reviewed at least quarterly to correct any posting errors and investigate unusual results." Unfortunately this section does not indicate who is responsible for these revenue and expenditure reviews or an adequate manner in which they should be documented. In the absence of any documentation guidance it would be difficult to determine whether the procedures had been completed and whether they had been completed in a timely manner.

Section VII of the manual discusses receipts and revenues. The section states in part that all town receipts, with the exception of the tax collection receipts, are forwarded to the finance office for deposit and recording. The section states that all funds forwarded to the finance office must be deposited within 7 days of receipt but only states that the receiving departments transfer the funds to the finance office for deposit in a timely manner. Without providing a more detailed definition of what constitutes "in a timely manner" each receiving department would then be responsible for determining what they feel is reasonable which may vary widely depending on the department and the dollar amount of the receipts. As part of the audit, finance office prepared deposit summaries were reviewed in relation to the backup documentation and in relation to the timeliness of the deposits being made. We found that the deposits being made by the finance office did generally occur within the aforementioned 7 days of receipt. However, we also found that funds which were being forwarded to the finance office from the receiving departments were at times over a month old based on the check dates on the provided check images. It does not seem as though receipts were consistently being forwarded to the finance office for deposit in a timely manner. In addition, there are no references in section VII to those funds collected by the schools and deposited into the student activity accounts being forwarded to the finance office for deposit and none were noted during the aforementioned review. However, section I of the manual states that, "The procedures outlined on the following pages reflect the current tasks and transactions necessary to process and complete any and all financially related transactions performed by the Town of Bolton. This includes but is not limited to the following entities: Town of Bolton, CT and Bolton Public Schools."

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2020

2020-01 - Town accounting policies and policies and procedures manual (continued):

Conditions (continued):

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

Context:

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

Effect:

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

Cause:

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

Recommendation:

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

Views of responsible officials and planned corrective actions:

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

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
June 30, 2020

2020-02 - 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. We do consider this condition to represent a significant deficiency in internal control over financial reporting.

Context and effect:

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

Cause:

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

Recommendation:

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

Views of responsible officials and planned corrective actions:

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

Town of Bolton, Connecticut
Schedule of findings and questioned costs
June 30, 2020

2020-03 - The classification of a worker as an employee, independent contractor or consultant

Criteria:

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

Condition:

The Town currently has a worker who is classified as a consultant based on the varying parameters of a contract that states in part that they are a consultant. The worker performs their assigned tasks at town hall in an office provided by the town during the hours of business of the specific department. Per the contract between the worker and the Town, the responsibilities of the worker are outlined in the Town’s departmental job description, the town provides support services including office space, computer, email address and secretarial services who are hired by the Town. General office supplies necessary to perform the work are provided by the Town. The worker reports their hours worked on Town time sheets and is paid on a bi-weekly basis in the same manner as Town employees. The Town has classified this worker as a consultant though the aforementioned conditions do appear to indicate that the worker may more accurately be classified as an employee in accordance with IRS guidance. We do consider this condition to represent a significant deficiency in internal control over compliance and in turn financial reporting.

Context and effect:

Workers who are considered employees have payroll tax amounts withheld from their paycheck in addition to the Town matching both the applicable social security and medicare tax amounts withheld. These taxes are then forwarded to the appropriate taxing authority. If the Town were to classify a worker as a consultant who more accurately meets the definition of an employee, it would seem that there could be a tax liability to the Town for amounts that should have been but were not withheld and in turn remitted.

Cause:

It would seem as though the cause of this situation would simply be the perspective of the Town in that a contract does exist that labels this worker as a consultant which the Town feels is the correct classification.

Recommendation:

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

Views of responsible officials and planned corrective actions:

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

Stephen T. Hopkins, CPA, PC

Auditing, Accounting, and Consulting Services

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

Board of Finance
Board of Selectmen
Town of Bolton, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Bolton, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Bolton, Connecticut's major state programs for the year ended June 30, 2020. The Town of Bolton, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Bolton, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Bolton, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Town of Bolton, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements in the form of a questioned cost, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item number 2020-015. Our opinion on each major state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the Town of Bolton, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bolton, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bolton, Connecticut's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bolton, Connecticut, as of and for the year ended June 30, 2020, 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 February 27, 2021, which contained unmodified opinions on the governmental activities and each major fund. An adverse opinion was issued on the discretely presented component unit financial statements of the Town of Bolton, Connecticut as it relates to the government-wide financial statement exclusion of the financial information of an entity determined to be a component unit. A qualified opinion was also issued on the aggregate remaining fund information financial statements of the Town of Bolton, Connecticut as it relates to the accounting for internal service fund activities. These modified opinions are described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 basic financial statements as a whole.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
February 27, 2021

Town of Bolton, Connecticut
Schedule of expenditures of state financial assistance
For the year ended June 30, 2020

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	\$ 24,288
Disabled program	11000-OPM20600-17011	697
Property tax relief for veterans	11000-OPM20600-17024	3,276
Local capital improvement	12052-OPM20600-40254	287,812
Municipal purposes & projects	12052-OPM20600-43587	24,859
<u>Department of Education:</u>		
Talent development	11000-SDE64370-12552	1,929
Sheff settlement	11000-SDE64370-12457	66,375
Child nutrition program	11000-SDE64370-16211	2,470
Healthy foods initiative	11000-SDE64370-16212	4,705
Adult education	11000-SDE64370-17030	3,867
School breakfast program	11000-SDE64370-17046	5,734
Open choice program	11000-SDE64370-17053	520,741
<u>Connecticut State Library:</u>		
Connecticard grant	11000-CSL66051-17010	3,390
Historic documents preservation grant	12060-CSL66094-35150	5,500
<u>Department of Transportation:</u>		
Bus operations	12001-DOT57931-12175	11,494
Town aid road grants - Municipal	12052-DOT57131-43455	145,466
Town aid road - STO	13033-DOT57131-43459	145,465
<u>Department of Environmental Protection:</u>		
Small town economic assistance program (STEAP)	12052-DEP43720-40531	27,233
<u>Other Departments miscellaneous awards:</u>		
Other expenses	11000-DRS16410-10020	40
Non-budgeted operating appropriations	34001-JUD95162-40001	2,600
Total State Financial Assistance before exempt programs		<u>\$ 1,287,941</u>

Town of Bolton, Connecticut
Schedule of expenditures of state financial assistance (continued)
For the year ended June 30, 2020

<u>State grantor/pass through Grantor/program title</u>	<u>State grant program Core-CT number</u>	<u>Expenditures</u>
Exempt Programs		
<u>State Department of Education:</u>		
Education equalization grants program 82010	11000-SDE64370-17041	\$ 2,747,071
Special Education excess costs	11000-SDE64370-17047	24,432
<u>Department of Administrative Services:</u>		
School construction progress	13010-DAS27635-43744	61,599
<u>Office of Policy and Management:</u>		
Mashantucket Pequot Grant	12009-OPM20600-17005	3,244
Municipal stabilization grant	11000-OPM20600-17104	<u>11,053</u>
Total Exempt Programs		<u>2,847,399</u>
Total Expenditures of State Financial Assistance		<u><u>\$ 4,135,340</u></u>

Town of Bolton, Connecticut
Notes to Schedule of expenditures of state financial assistance
For the year ended June 30, 2020

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Bolton, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including but not limited to education, transportation, tax relief, and library programs.

1. Summary of Significant Accounting Policies

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

Basis of Accounting

There are two sets of basic financial statements contained in the Town of Bolton, Connecticut's annual report as required by GASB Statement No. 34. The government-wide financial statements are prepared on the accrual basis of accounting, 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 expenditures reported on the Schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

2. Awards passed through to sub-recipients

The schedule of expenditures of state financial assistance is to include an identification of the total amount provided to sub-recipients from each state program. This identification should be presented on the face of the schedule. There were no awards passed through to sub-recipients by the Town of Bolton, Connecticut for the year ended June 30, 2020 and therefore no amounts have been included on the face of the schedule.

Town of Bolton, Connecticut
 Schedule of findings and questioned costs
 For the year ended June 30, 2020

I. Summary of Audit Results

Financial Statements:

Type of auditor's report issued:	Modified		
Internal control over financial reporting:			
• Material weakness (es) identified?		yes	X
• Significant deficiency (ies) identified?	X	yes	no
• Noncompliance material to the financial statements noted?		yes	X

State Financial Assistance:

Type of auditors' report issued on compliance for major programs	Unmodified		
Internal control over major programs:			
• Material weakness (es) identified?		yes	X
• Significant deficiency (ies) identified?		yes	X
• 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?	X	yes	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 \$1,287,941, 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 \$200,000. 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 four Type B programs for which a risk assessment must be performed considering the Type B programs with expenditures in excess of \$25,000.
- In accordance with Subpart A of the risk assessment procedures, the following considerations would have been applied to the Type A programs of the Town to determine whether they should be considered high risk: The dollar value of the applicable transactions, the complexity of the requirements of the program and as compared to other programs of the Town, whether the program has been tested as major during at least one of the two most recent audit periods and an assessment based on professional judgement. The Town's two Type A programs were determined to be high-risk and therefore were audited as major programs. Two of the four Type B programs of the Town for which a risk assessment was required were determined to be high-risk and therefore were audited as major programs. The total non-exempt state financial assistance expended by the Town for the current audit period was \$1,287,941. The programs tested as major and shown below represent approximately 85% 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	\$ 520,741
Local capital improvement	12052-OPM20600-40254	287,812
Town aid road grants - Municipal	12052-DOT57131-43455	145,466
Town aid road - STO	13033-DOT57131-43459	145,465
		\$ 1,099,484

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 200,000

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
For the year ended June 30, 2020

II. Financial Statement Findings

- We issued our report, dated February 27, 2021, on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. Our report on internal control over financial reporting indicated three significant deficiencies. The details of these significant deficiencies can be found in the schedule of findings and questioned costs labeled as item numbers 2020-01 through 2020-03 starting on page 74. We do not consider any of these significant deficiencies to be material weaknesses.
- Our report on compliance indicated no reportable instances of noncompliance.

III. State Financial Assistance Findings and Questioned Costs

2020-01S - Questioned costs

Grantor: State Department of Transportation

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

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

Criteria:

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

Condition:

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

Questioned costs:

The costs which are being questioned in relation to this finding total \$134,452 and relate directly to two specific invoices posted in full and one invoice posted as a partial amount to the Town trial balance fund which is used to account for town aid road grant funds.

Town of Bolton, Connecticut
Schedule of findings and questioned costs (continued)
For the year ended June 30, 2020

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

2020-01 - Questioned costs (continued)

Context and effect:

During the current fiscal year the town incurred expenditures relating to town aid road grant funds in the amount of \$290,931 with \$134,452 representing the amount of current fiscal year questioned costs and \$156,479 representing current fiscal year expenditures which appear to have been made in accordance with Section 13a-175a. This item of questioned costs would appear to be an isolated instance of perceived noncompliance. In testing other items in relation to state compliance, no other material items were noted.

Cause and recommendation:

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

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

Views of responsible officials and planned corrective actions:

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

IV. Summary Schedule of Prior Audit Findings

- Financial Statement Findings:

Finding No. 2019-01

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

Current Status - This finding was not corrected and is included as current fiscal year finding 2020-01.

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

Finding No. 2019-02

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

Current Status - This finding was not corrected and is included as current fiscal year finding 2020-02.

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

- State Program Findings:

There were no findings and questioned costs related to state financial assistance award programs reported in the audit report for the Town of Bolton, Connecticut for the fiscal year ended June 30, 2019.