

TOWN OF BOLTON, VERMONT

AUDIT REPORT

JUNE 30, 2017

TOWN OF BOLTON, VERMONT
 AUDIT REPORT
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Independent Auditor's Report

Selectboard
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3045 Theodore Roosevelt Highway
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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, Vermont as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Bolton, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards 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 judgment, 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 control relevant to the Town'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 Town'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.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bolton, Vermont as of June 30, 2017, and the respective changes in financial position thereof, for the year then ended in conformity with the basis of accounting as described in Note I.

Change in Basis of Accounting

As described in Note II.B. to the financial statements, in previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, the Town prepared its financial statements using the modified cash basis of accounting. Our opinion is not modified with respect to this matter.

Correction of Errors

As described in Note II.B. to the financial statements, errors in the classification of fund types were corrected by management during the current year. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

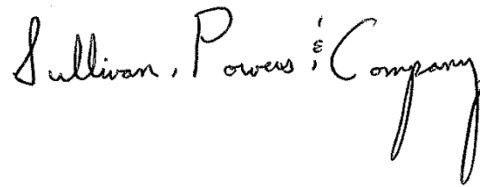
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated December 6, 2017 on our consideration of the Town of Bolton, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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, Vermont’s internal control over financial reporting and compliance.

December 6, 2017
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the date and address information.

TOWN OF BOLTON, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 880,800
Investments	<u>8,307</u>
Total Assets	<u>889,107</u>
<u>LIABILITIES</u>	
Due to State of Vermont	31,745
Payroll Withholdings Payable	<u>193</u>
Total Liabilities	<u>31,938</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	<u>1,424</u>
Total Deferred Inflows of Resources	<u>1,424</u>
<u>NET POSITION</u>	
Restricted:	
Highways and Streets	331,327
Other	17,175
Unrestricted	<u>507,243</u>
Total Net Position	<u>\$ 855,745</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BOLTON, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

		Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants/Loans and Contributions		Governmental Activities
Functions/Programs:						
Governmental Activities:						
General Government	\$ 270,238	\$ 27,989	\$ 16,075	\$ 0	\$	(226,174)
Public Safety	91,222	1,588	5,850	0		(83,784)
Highways and Streets	701,783	4,090	386,047	70,000		(241,646)
Debt Service	116,148	0	0	0		(116,148)
Total Governmental Activities	\$ 1,179,391	\$ 33,667	\$ 407,972	\$ 70,000		(667,752)
General Receipts:						
Property Taxes						743,802
Penalties and Interest on Delinquent Taxes						12,620
General State Grants						117,609
Unrestricted Investment Earnings						914
Proceeds from Sale of Vehicles						20,908
Other						2,897
Total General Receipts						898,750
Change in Net Position						230,998
Net Position - July 1, 2016, As Restated/Reclassified						624,747
Net Position - June 30, 2017					\$	855,745

The accompanying notes are an integral part of this financial statement.

TOWN OF BOLTON, VERMONT
STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	FEMA Fund	Non-Major Governmental Fund Cemetery Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>				
Cash	\$ 880,800	\$ 0	\$ 0	\$ 880,800
Investments	0	0	8,307	8,307
Due from Other Funds	<u>0</u>	<u>183,431</u>	<u>2</u>	<u>183,433</u>
Total Assets	<u>\$ 880,800</u>	<u>\$ 183,431</u>	<u>\$ 8,309</u>	<u>\$ 1,072,540</u>
<u>LIABILITIES</u>				
Due to State of Vermont	\$ 0	\$ 31,745	\$ 0	\$ 31,745
Payroll Withholdings Payable	193	0	0	193
Due to Other Funds	<u>183,433</u>	<u>0</u>	<u>0</u>	<u>183,433</u>
Total Liabilities	<u>183,626</u>	<u>31,745</u>	<u>0</u>	<u>215,371</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Prepaid Property Taxes	<u>1,424</u>	<u>0</u>	<u>0</u>	<u>1,424</u>
Total Deferred Inflows of Resources	<u>1,424</u>	<u>0</u>	<u>0</u>	<u>1,424</u>
<u>FUND BALANCES</u>				
Restricted	188,507	151,686	8,309	348,502
Committed	103,235	0	0	103,235
Assigned	1,100	0	0	1,100
Unassigned	<u>402,908</u>	<u>0</u>	<u>0</u>	<u>402,908</u>
Total Fund Balances	<u>695,750</u>	<u>151,686</u>	<u>8,309</u>	<u>855,745</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 880,800</u>	<u>\$ 183,431</u>	<u>\$ 8,309</u>	<u>\$ 1,072,540</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BOLTON, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	FEMA Fund	Non-Major Governmental Fund Cemetery Fund	Total Governmental Funds
Cash Receipts:				
Property Taxes	\$ 743,802	\$ 0	\$ 0	\$ 743,802
Penalties and Interest on Delinquent Taxes	12,620	0	0	12,620
Intergovernmental	189,776	327,205	0	516,981
Permits, Licenses and Fees	32,079	0	0	32,079
Fines and Forfeits	1,588	0	0	1,588
Investment Income	908	0	6	914
Donations	8,600	0	0	8,600
Other	2,897	0	0	2,897
Total Cash Receipts	<u>992,270</u>	<u>327,205</u>	<u>6</u>	<u>1,319,481</u>
Cash Disbursements:				
General Government	270,238	0	0	270,238
Public Safety	91,222	0	0	91,222
Highways and Streets	311,921	175,519	0	487,440
Capital Outlay:				
Highways and Streets	214,343	0	0	214,343
Debt Service:				
Principal	102,427	0	0	102,427
Interest	13,721	0	0	13,721
Total Cash Disbursements	<u>1,003,872</u>	<u>175,519</u>	<u>0</u>	<u>1,179,391</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(11,602)</u>	<u>151,686</u>	<u>6</u>	<u>140,090</u>
Other Financing Sources:				
Proceeds from Sale of Vehicles	20,908	0	0	20,908
Proceeds from Long-term Debt	70,000	0	0	70,000
Total Other Financing Sources	<u>90,908</u>	<u>0</u>	<u>0</u>	<u>90,908</u>
Net Change in Fund Balances	79,306	151,686	6	230,998
Fund Balances - July 1, 2016, As Reclassified	<u>616,444</u>	<u>0</u>	<u>8,303</u>	<u>624,747</u>
Fund Balances - June 30, 2017	<u>\$ 695,750</u>	<u>\$ 151,686</u>	<u>\$ 8,309</u>	<u>\$ 855,745</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BOLTON, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2017

	Agency Fund Senior Meals Fund
<u>ASSETS</u>	
Cash	\$ <u>819</u>
Total Assets	<u>819</u>
<u>LIABILITIES</u>	
Due to Other Organization	<u>819</u>
Total Liabilities	<u>819</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

The Town of Bolton, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services as authorized by State statutes: public safety, highways and streets, cemetery, health and social services, public improvements, planning and zoning, and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Bolton, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. 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 body and it is able to impose its will on that organization or 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 is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Federal Emergency Management Agency (FEMA) Fund – This fund accounts for the grant activity related to FEMA projects.

Additionally, the Town reports the following fund type:

Agency Fund – This funds account for resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments at cost, amounts due to the State of Vermont for an overpayment of FEMA funds and payroll withholdings payable as liabilities and property taxes paid in advance as deferred inflows of resources.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds.

2. Investments

The Town invests in investments as allowed by State Statute. Investments are reported at cost.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

3. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in government-wide financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances in governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

4. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due from/to other funds."

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements 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/expenditures) until then. The Town did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources" 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. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The budget for the General Fund is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budget presented herein is for the Town's "General Fund" only and does not include the transfers to reserve accounts and unbudgeted capital expenditures and related funding.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

B. Restatement/Reclassification of Fund Balances/Net Position

In previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, however, the Town prepared its financial statements using the modified cash basis of accounting. Management believes the modified cash basis provides the information needed by the primary users of the financial statements. In addition, the Town also reclassified the Cemetery Fund to a Permanent Fund from a Fiduciary Fund and reclassified the Good Citizen Fund to a Governmental Fund from a Fiduciary Fund which is combined with the General Fund.

The net position of the governmental activities and fiduciary funds were restated/reclassified as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Net Position - June 30, 2016, As Originally Reported	\$ 1,513,812	\$ 9,982	\$ 1,523,794
Change in Basis of Accounting:			
Removal of Capital Assets, Net of Accumulated Depreciation	(1,445,607)	0	(1,445,607)
Removal of Long-term Liabilities	568,653	0	568,653
Removal of Deferred Outflows/ Inflows of Resources Related to the Town's Participation in VMERS	(22,093)	0	(22,093)
Reclassification of Fund Types	<u>9,982</u>	<u>(9,982)</u>	<u>0</u>
Net Position - June 30, 2016, As Restated/Reclassified	\$ <u>624,747</u>	\$ <u>0</u>	\$ <u>624,747</u>

The fund balances of the governmental funds and net position of the fiduciary funds were reclassified as follows:

	<u>General Fund</u>	<u>Non-Major Governmental Fund Cemetery Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Fund Balances/Net Position - June 30, 2016, As Originally Reported	\$ 614,765	\$ 0	\$ 9,982	\$ 624,747
Reclassification of Fund Types	<u>1,679</u>	<u>8,303</u>	<u>(9,982)</u>	<u>0</u>
Fund Balances/Net Position - June 30, 2016, As Reclassified	\$ <u>616,444</u>	\$ <u>8,303</u>	\$ <u>0</u>	\$ <u>624,747</u>

TOWN OF BOLTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2017 consist of the following:

Cash:		
	Deposits with Financial Institutions	\$881,619
Investments:		
	Certificate of Deposit	<u>8,307</u>
	Total Cash and Investments	<u>\$889,926</u>

The Town has one (1) certificate of deposit in the amount of \$8,307 with an interest rate of 0.25%. The certificate of deposit will mature during fiscal year 2018.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificate of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$500,000	\$500,000
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	301,651	323,079
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Pittsburgh	<u>88,275</u>	<u>88,275</u>
Total	<u>\$889,926</u>	<u>\$911,354</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF BOLTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town's certificate of deposit is not subject to interest rate risk disclosure.

Credit Risk

Generally, credit risk that is the risk an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town's certificate of deposit is not subject to credit risk disclosure.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town's certificate of deposit is not subject to concentration of credit risk disclosure.

B. Interfund Balances and Activity

Interfund balances as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$183,433
FEMA Fund	183,431	0
Non-Major Governmental Fund – Cemetery Fund	<u>2</u>	<u>0</u>
Total	<u>\$183,433</u>	<u>\$183,433</u>

C. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

TOWN OF BOLTON, VERMONT
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Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Equipment	\$ 96,287
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Buildings	40,508
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Resurfacing/Guardrails	12,955
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Notch Road Repairs	25,366
Restricted for Road Cutting Expenditures by Ordinance (Source of Revenue is Road Cut Charges)	4,525
Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)	3,875
Restricted for Scholarship Expenses by Donations (Source of Revenue is Donations)	3,168
Restricted for Emberley Scholarship Expenses by Donations (Source of Revenue is Donations)	<u>1,823</u>
Total General Fund	<u>188,507</u>

TOWN OF BOLTON, VERMONT
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FEMA Fund:	
Restricted for FEMA Grant Expenditures by Grant Agreement (Source of Revenue is Grant Revenue)	<u>\$151,686</u>

Non-Major Fund

Permanent Fund:	
Restricted for Cemetery Expenses by Donations (Source of Revenue is Donations)	<u>8,309</u>
 Total Restricted Fund Balances	 <u>\$348,502</u>

The fund balance in the following fund is committed as follows:

Major Fund

General Fund:	
Committed for Fire Department Equipment by the Voters	\$ 59,742
Committed for Fire Department Buildings by the Voters	10,038
Committed for Fire Department Hoses by the Voters	1,503
Committed for Land Conservation by the Voters	24,192
Committed for Planning Expenses by the Voters	<u>7,760</u>
 Total Committed Fund Balances	 <u>\$103,235</u>

The fund balance in the following fund is assigned as follows:

Major Fund

General Fund:	
Assigned for Hardship Expenses	<u>\$1,100</u>
 Total Assigned Fund Balances	 <u>\$1,100</u>

D. Restricted Net Position

The restricted net position in the governmental activities includes the restricted fund balances of \$348,502.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

IV. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2017, the retirement system consisted of 441 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net position liability of \$128,696,167. As of June 30, 2017, the Town's proportionate share of this was 0.0528% resulting in a net pension liability of \$67,947. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. As of June 30, 2016, the Town's proportion of 0.0528% was an increase of 0.0027 from its proportion measured as of June 30, 2015.

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Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Group A and B provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Group B – Average annual compensation during highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Maximum benefit is 60% of AFC for Groups A and B. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Groups A and B members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility – Death after five (5) years of service.

TOWN OF BOLTON, VERMONT
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Amount – For Groups A and B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement – For Groups A and B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Group B.

Member Contributions – Group A – 2.5%. Group B – 4.875%.

Employer Contributions – Group A – 4.0%. Group B – 5.50%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

The actuarial assumptions regarding the incidence of mortality, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Interest Rate: 7.95% per annum.

Salary increases: 5% per year.

Deaths: Groups A and B – RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 60% Blue collar and 40% White collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.5% per annum for members of Group A and 1.8% per annum for members of Group B.

Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing 5% per year.

Asset Valuation Method: Invested assets are reported at fair value.

TOWN OF BOLTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

Note – For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% per year.

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate – The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

TOWN OF BOLTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$112,799	\$67,947	\$30,393

Additional Information

Additional information regarding the State of Vermont Municipal Employees’ Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

B. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected four (4) times per year. During the tax year ended June 30, 2017, taxes became due and payable on September 15, 2016, November 15, 2016, February 15, 2017 and May 15, 2017. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2017 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.5979	.5979
Land Conservation	.0025	.0025
Education – Local Share	<u>1.6039</u>	<u>1.5895</u>
Total	<u>2.2043</u>	<u>2.1899</u>

C. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund’s liabilities.

The Town is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

D. CONTINGENT LIABILITIES

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

E. LONG-TERM DEBT

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital projects and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The Town has notes payable to finance capital projects and vehicles through a local bank.

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases.

Long-term debt outstanding as of June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Notch Road Reconstruction, Principal Payments Ranging from \$20,000 to \$40,000 Payable on November 15 Annually, Interest Ranging from 1.033% to 2.619% Payable on May 15 and November 15, Due November, 2020	\$180,000	\$ 0	\$ 40,000	\$140,000
Note Payable, Community Bank, N.A., Town Office Construction, Principal Payments of \$19,241 Payable August 15 Annually, Interest at 2.2%, Due and Paid August, 2017	38,482	0	19,241	19,241
Note Payable, Community Bank, N.A, Fire Station Renovation, Principal Payments of \$14,286 Payable October 31 Annually, Interest at 2.917%, Due October, 2031	228,571	0	14,286	214,285

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Community Bank, N.A., Fire Truck, Interest at 2.2%, Due and Paid, March, 2017	\$ 16,257	\$ 0	\$ 16,257	\$ 0
Note Payable, Community Bank, N.A., 2017 International Truck, Principal Payments of \$14,000 Payable July 2 Annually Beginning July, 2018 through July, 2021 with the Final Payment Due on April 22, 2022, Interest at 2.1%	0	70,000	0	70,000
Capital Lease Payable, Kansas State Bank, 2017 International Truck, Principal and Interest Payments of \$14,425 Payable on March 15 Annually, Interest at 2.67%, Due March, 2021	<u>66,687</u>	<u>0</u>	<u>12,643</u>	<u>54,044</u>
Total	<u>\$529,997</u>	<u>\$70,000</u>	<u>\$102,427</u>	<u>\$497,570</u>

Maturities are estimated to be as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Capital Leases</u>
2018	\$ 87,527	\$11,407	\$14,425
2019	68,286	9,050	14,425
2020	68,286	7,338	14,425
2021	48,286	5,864	14,425
2022	28,286	4,821	0
2023-2027	71,430	16,677	0
2028-2032	<u>71,425</u>	<u>6,255</u>	<u>0</u>
Total	443,526	61,412	57,700
Less: Imputed Interest	<u>0</u>	<u>0</u>	<u>(3,656)</u>
Total	<u>\$443,526</u>	<u>\$61,412</u>	<u>\$54,044</u>

TOWN OF BOLTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 759,557	\$ 743,802	\$ (15,755)
Interest on Delinquent Taxes	0	6,359	6,359
Penalties on Delinquent Taxes	0	1,426	1,426
Current Use	34,132	34,133	1
Payment in Lieu of Taxes	80,439	80,444	5
Railroad Tax	3,032	3,032	0
Traffic Fines	0	1,588	1,588
Highway State Aid	53,493	53,493	0
Highway Weight Permits	0	540	540
Highway Administration Fees	0	50	50
Road Cut Deposits	0	3,500	3,500
Recording Fees	0	11,811	11,811
Restoration Fees	0	2,952	2,952
Dog Licenses	0	1,860	1,860
Liquor Licenses	0	1,060	1,060
Marriage/Civil Union Fees	0	780	780
Vault Fees	0	2,677	2,677
Zoning Fees	0	6,249	6,249
FEMA Reimbursement	0	5,349	5,349
Reappraisal Income	0	7,325	7,325
Donations	0	2,750	2,750
Cemetery Plots	0	600	600
Investment Income	0	908	908
Forest Fire Reimbursement	0	5,850	5,850
Planning Grant Income	0	6,000	6,000
Proceeds from Sale of Vehicles	0	20,908	20,908
Other	0	2,897	2,897
Total Cash Receipts	930,653	1,008,343	77,690
Cash Disbursements:			
Town Administration:			
Personnel:			
Clerk/Treasurer Wages	78,482	76,230	2,252
DRB/PC Assistant Wages	4,390	1,776	2,614
Zoning Administrator Wages	10,975	7,504	3,471
Assessor Assistant Wages	1,250	281	969
Social Security	7,945	7,991	(46)
Retirement	4,343	4,226	117
Health Insurance	10,000	10,000	0
Dental Coverage	1,500	1,187	313
Worker's Comp Insurance	587	426	161
Unemployment Insurance	550	331	219
Training	500	665	(165)
Selectboard Stipends	1,500	1,980	(480)
Constable Stipend	500	500	0
BCA Stipend	540	680	(140)
Total Personnel	123,062	113,777	9,285

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TOWN OF BOLTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Office:			
Heating Fuel	\$ 1,500	\$ 1,353	\$ 147
Electricity	1,750	1,221	529
Trash Removal	320	360	(40)
Building Maintenance/Repairs	2,500	1,839	661
Office Operating Expenses	6,900	6,896	4
Telephone/Fax/Internet	3,500	3,238	262
Copier Lease & Images	4,800	4,084	716
Meeting Expenses	300	235	65
Bolton Gazette	2,300	2,274	26
Postage	3,500	3,498	2
Printing/Advertising	4,000	5,712	(1,712)
Land Record Archiving	2,000	3,535	(1,535)
Property Maintenance	2,500	2,100	400
Property & Casualty Insurance	8,800	8,643	157
Cemetery Care	4,200	3,698	502
Office/Computer Equipment	2,000	2,873	(873)
Tech Support	2,200	2,100	100
NEMRC	2,000	2,049	(49)
Web Page Expenses	500	0	500
Election Expenses	3,500	3,668	(168)
Constable Expenses	300	207	93
Assessor Expenses	500	490	10
Zoning/Health Officer Expenses	200	0	200
Planning Grant Expense	0	13,250	(13,250)
Conservation Commission	500	3,577	(3,077)
Planning Commission	3,000	2,992	8
Development Review Board	250	0	250
Miscellaneous	0	2,073	(2,073)
Total Town Office	63,820	81,965	(18,145)
Taxes, Fees:			
Membership Fees	4,025	3,904	121
County Tax	6,280	6,098	182
Fees (Bank & State)	1,300	1,410	(110)
Miscellaneous	0	1,300	(1,300)
Total Taxes, Fees	11,605	12,712	(1,107)
Contracted Services:			
Legal Services	17,000	21,756	(4,756)
Bookkeeping/Auditing Services	11,400	12,680	(1,280)
Property Tax Maps	2,000	1,650	350
Assessor Services	19,500	16,000	3,500
Richmond Rescue	17,510	17,510	0
Speed Control Services	3,000	720	2,280
Total Contracted Services	70,410	70,316	94

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TOWN OF BOLTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Service Organization Allocations:			
Chittenden Unit Special Investigations	\$ 1,798	\$ 1,798	\$ 0
Visiting Nurses Association	780	780	0
Committee on Temporary Shelter	250	250	0
Our Community Cares	250	250	0
Women Helping Battered Women	200	200	0
Front Porch Forum	50	50	0
Library Card Reimbursement	600	815	(215)
	<u>3,928</u>	<u>4,143</u>	<u>(215)</u>
Total Service Organization Allocations			
Total Town Administration	<u>272,825</u>	<u>282,913</u>	<u>(10,088)</u>
Highway Department:			
Personnel:			
Wages/FT	78,060	75,182	2,878
Wages/OT	10,000	15,876	(5,876)
Wages/PT	9,500	8,340	1,160
Worker's Comp Insurance	9,450	8,011	1,439
Unemployment Insurance	625	375	250
Social Security	7,475	8,112	(637)
Retirement	3,753	4,624	(871)
Health Insurance	27,396	11,962	15,434
Dental Insurance	1,300	397	903
Uniforms	1,000	919	81
Training Fees and Mileage	500	366	134
Contracted Services	10,000	2,879	7,121
	<u>159,059</u>	<u>137,043</u>	<u>22,016</u>
Total Personnel			
Town Garage:			
Garage Operating Expenses	7,000	6,620	380
Telephone	1,400	1,227	173
Heating Fuel	6,200	5,159	1,041
Electricity	2,300	1,715	585
Building Maintenance	2,000	699	1,301
Property and Casualty Insurance	10,750	10,941	(191)
Miscellaneous	0	807	(807)
	<u>29,650</u>	<u>27,168</u>	<u>2,482</u>
Total Town Garage			
Equipment:			
Equipment Rentals	1,000	918	82
Equipment Repair	3,500	2,342	1,158
Small Equipment Purchase	600	672	(72)
Safety Equipment	500	455	45
Tools	500	397	103
	<u>6,100</u>	<u>4,784</u>	<u>1,316</u>
Total Equipment			

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BOLTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Materials:			
Gravel	\$ 25,000	\$ 25,000	\$ 0
Sand	10,800	7,746	3,054
Resurfacing	65,000	67,728	(2,728)
Cold Patch	500	140	360
Erosion Control	2,000	602	1,398
Culverts	8,000	0	8,000
Road Signs	1,750	0	1,750
Chloride	1,000	0	1,000
Salt	40,000	45,910	(5,910)
Total Materials	154,050	147,126	6,924
Vehicles:			
2005 International	6,000	15,699	(9,699)
2013 Dodge	2,500	3,554	(1,054)
2000 Loader	2,000	2,962	(962)
2017 International	1,000	2,863	(1,863)
1999 Grader	2,500	1,537	963
IMT Roadside Mower	500	292	208
Fuel	27,000	20,213	6,787
Oil/Lube	2,000	688	1,312
Tires	4,500	4,661	(161)
Cutting Edges	4,500	4,509	(9)
Total Vehicles	52,500	56,978	(4,478)
Highway Construction:	0	6,550	(6,550)
Total Highway Department	401,359	379,649	21,710
Fire Department:			
Personnel:			
Fire Chief Stipend	1,500	1,500	0
Volunteer Training Stipends	8,000	8,000	0
Training Fees and Mileage	1,500	1,593	(93)
Turnout Gear	4,000	4,058	(58)
Total Personnel	15,000	15,151	(151)
General Operations:			
General Operations	7,000	6,499	501
Property and Casualty Insurance	11,000	12,205	(1,205)
Worker's Comp Insurance	500	1,409	(909)
Telephone/Internet	4,750	4,477	273
Mutual Aid Dues	300	0	300
Dispatch Services	4,200	3,441	759
Forest Fires	0	5,850	(5,850)
Total General Operations	27,750	33,881	(6,131)

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BOLTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Fire Station:			
Building Maintenance/Repair	\$ 1,500	\$ 1,519	\$ (19)
Heating Fuel	7,000	5,791	1,209
Electricity	<u>2,000</u>	<u>2,044</u>	<u>(44)</u>
Total Fire Station	<u>10,500</u>	<u>9,354</u>	<u>1,146</u>
Equipment:			
Communications/Radio Equipment	500	319	181
Small Equipment/Tools	6,000	5,995	5
Equipment Repair	<u>1,500</u>	<u>107</u>	<u>1,393</u>
Total Equipment	<u>8,000</u>	<u>6,421</u>	<u>1,579</u>
Vehicles:			
Vehicle Maintenance/Repair	5,000	8,503	(3,503)
Vehicle Operation	<u>450</u>	<u>402</u>	<u>48</u>
Total Vehicles	<u>5,450</u>	<u>8,905</u>	<u>(3,455)</u>
Total Fire Department	<u>66,700</u>	<u>73,712</u>	<u>(7,012)</u>
Debt Service Payments:			
Town Office Construction - Principal	19,242	19,241	1
Town Office Construction - Interest	849	850	(1)
Notch Road Reconstruction - Principal	40,000	40,000	0
Notch Road Reconstruction - Interest	4,700	4,107	593
Fire Truck - Principal	19,425	16,257	3,168
Fire Truck - Interest	428	308	120
Fire Station Renovations - Principal	14,286	14,286	0
Fire Station Renovations - Interest	6,251	6,674	(423)
2017 International Truck Lease	<u>14,425</u>	<u>14,425</u>	<u>0</u>
Total Debt Service Payments	<u>119,606</u>	<u>116,148</u>	<u>3,458</u>
Reserve Fund Contributions:			
Land Conservation Reserve	3,163	3,163	0
Planning Project Reserve	4,000	4,000	0
2006 Highway Garage Reserve	8,000	8,000	0
Highway Equipment Reserve	35,000	35,000	0
Highway Guardrails Reserve	2,500	2,500	0
Fire Station Reserve	2,500	2,500	0
Fire Equipment Reserve	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Reserve Fund Contributions	<u>70,163</u>	<u>70,163</u>	<u>0</u>
Total Cash Disbursements	<u>930,653</u>	<u>922,585</u>	<u>8,068</u>
Excess of Cash Receipts Over Cash Disbursements	<u>\$ 0</u>	85,758	<u>\$ 85,758</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BOLTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Adjustment to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Transfer to Land Conservation Reserve		\$ 3,163	
Transfer to Planning Project Reserve		4,000	
Transfer to 2006 Highway Garage Reserve		8,000	
Transfer to Highway Equipment Reserve		35,000	
Transfer to Highway Guardrails Reserve		2,500	
Transfer to Fire Station Reserve		2,500	
Transfer to Fire Equipment Reserve		15,000	
Unbudgeted Proceeds from Long-term Debt		70,000	
Unbudgeted 2017 International Purchase		(146,615)	
Net Change in Fund Balance		79,306	
Fund Balance - July 1, 2016, As Reclassified		616,444	
Fund Balance - June 30, 2017		\$ 695,750	

The reconciling items are due to budgeted transfers to reserve accounts within the General Fund and unbudgeted capital expenditures and related funding.

TOWN OF BOLTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2017

	2017	2016	2015
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.0528%	0.0501%	0.0545%
Town's Proportionate Share of the Net Pension Liability	\$ 67,947	\$ 38,656	\$ 4,972
Town's Covered Employee Payroll	\$ 181,876	\$ 165,030	\$ 145,856
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	37.3590%	23.4236%	3.4088%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

TOWN OF BOLTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 8,850	\$ 8,024	\$ 7,013
Contributions in Relation to the Actuarially Determined Contributions	<u>8,850</u>	<u>8,024</u>	<u>7,013</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 181,876	\$ 165,030	\$ 145,856
Contributions as a Percentage of Town's Covered Employee Payroll	4.866%	4.862%	4.808%

Notes to Schedule

Valuation Date: June 30, 2016

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's 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"

Selectboard
Town of Bolton, Vermont
3045 Theodore Roosevelt Highway
Bolton, Vermont 05676

We have audited, in accordance with the 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, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Bolton, Vermont's basic financial statements, and have issued our report thereon dated December 6, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Bolton, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

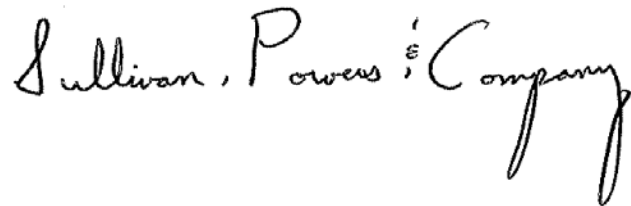
As part of obtaining reasonable assurance about whether the Town of Bolton, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

However, we noted certain other matters that we will report to the Town of Bolton, Vermont in a separate letter dated December 6, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bolton, Vermont'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, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 6, 2017
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized flourish at the end of the word "Company".