

TOWN OF BOLTON, VERMONT

AUDIT REPORT

JUNE 30, 2018

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

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

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, 2018, 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, 2018, 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.D.

Basis of Accounting

We draw attention to Note I.D 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.

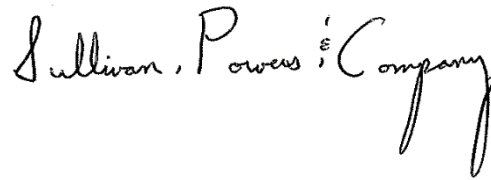
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bolton, Vermont's basic financial statements. The budgetary comparison information on Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated January 9, 2019 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.

January 9, 2019
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 'S' at the beginning and a long, sweeping tail at the end.

TOWN OF BOLTON, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 1,091,187
Investments	<u>8,328</u>
Total Assets	<u>1,099,515</u>
<u>LIABILITIES</u>	
Liabilities:	<u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	<u>5,195</u>
Total Deferred Inflows of Resources	<u>5,195</u>
<u>NET POSITION</u>	
Restricted:	
Highways and Streets	233,779
Other	17,392
Unrestricted	<u>843,149</u>
Total Net Position	<u>\$ 1,094,320</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, 2018

	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	\$ 238,254	\$ 31,560	\$ 14,787	\$ 0	\$ (191,907)
Public Safety	89,172	2,676	0	0	(86,496)
Highways and Streets	366,472	3,730	55,266	10,958	(296,518)
Debt Service	97,751	0	0	0	(97,751)
Total Governmental Activities	\$ 791,649	\$ 37,966	\$ 70,053	\$ 10,958	(672,672)
General Receipts:					
Property Taxes					774,400
Penalties and Interest on Delinquent Taxes					9,018
General State Grants					123,354
Unrestricted Investment Earnings					2,665
Other					1,810
Total General Receipts					911,247
Change in Net Position					238,575
Net Position - July 1, 2017					855,745
Net Position - June 30, 2018					\$ 1,094,320

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, 2018

	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	\$ 1,091,187	\$ 0	\$ 0	\$ 1,091,187
Investments	0	0	8,328	8,328
Due from Other Funds	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Total Assets	\$ <u><u>1,091,187</u></u>	\$ <u><u>0</u></u>	\$ <u><u>8,330</u></u>	\$ <u><u>1,099,517</u></u>
<u>LIABILITIES</u>				
Due to Other Funds	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total Liabilities	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Prepaid Property Taxes	<u>5,195</u>	<u>0</u>	<u>0</u>	<u>5,195</u>
Total Deferred Inflows of Resources	<u>5,195</u>	<u>0</u>	<u>0</u>	<u>5,195</u>
<u>FUND BALANCES</u>				
Restricted	242,841	0	8,330	251,171
Committed	140,589	0	0	140,589
Assigned	4,100	0	0	4,100
Unassigned	<u>698,460</u>	<u>0</u>	<u>0</u>	<u>698,460</u>
Total Fund Balances	<u>1,085,990</u>	<u>0</u>	<u>8,330</u>	<u>1,094,320</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u><u>1,091,187</u></u>	\$ <u><u>0</u></u>	\$ <u><u>8,330</u></u>	\$ <u><u>1,099,517</u></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, 2018

	General Fund	FEMA Fund	Non-Major Governmental Fund Cemetery Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash Receipts:				
Property Taxes	\$ 774,400	\$ 0	\$ 0	\$ 774,400
Penalties and Interest on Delinquent Taxes	9,018	0	0	9,018
Intergovernmental	202,185	1,830	0	204,015
Charges for Services	4,891	0	0	4,891
Permits, Licenses and Fees	30,399	0	0	30,399
Fines and Forfeits	2,676	0	0	2,676
Investment Income	2,644	0	21	2,665
Donations	350	0	0	350
Other	1,810	0	0	1,810
	<u>1,028,373</u>	<u>1,830</u>	<u>21</u>	<u>1,030,224</u>
Total Cash Receipts				
Cash Disbursements:				
General Government	238,254	0	0	238,254
Public Safety	89,172	0	0	89,172
Highways and Streets	305,977	1,830	0	307,807
Capital Outlay:				
Highways and Streets	58,665	0	0	58,665
Debt Service:				
Principal	86,508	0	0	86,508
Interest	11,243	0	0	11,243
	<u>789,819</u>	<u>1,830</u>	<u>0</u>	<u>791,649</u>
Total Cash Disbursements				
Excess of Cash Receipts Over Cash Disbursements	<u>238,554</u>	<u>0</u>	<u>21</u>	<u>238,575</u>
Other Financing Sources/(Uses):				
Transfers In	151,686	0	0	151,686
Transfers Out	0	(151,686)	0	(151,686)
	<u>151,686</u>	<u>(151,686)</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources/(Uses)				
Net Change in Fund Balances	390,240	(151,686)	21	238,575
Fund Balances - July 1, 2017	<u>695,750</u>	<u>151,686</u>	<u>8,309</u>	<u>855,745</u>
Fund Balances - June 30, 2018	<u>\$ 1,085,990</u>	<u>\$ 0</u>	<u>\$ 8,330</u>	<u>\$ 1,094,320</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, 2018

	<u>Agency Fund</u> <u>Senior Meals Fund</u>
<u>ASSETS</u>	
Cash	\$ <u>905</u>
Total Assets	<u>905</u>
<u>LIABILITIES</u>	
Due to Other Organization	<u>905</u>
Total Liabilities	<u>905</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, 2018

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, 2018

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, 2018

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 as assets 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, 2018

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 the unbudgeted transfer from the FEMA Fund.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2018 consist of the following:

Cash:		
Deposits with Financial Institutions		\$1,092,092
Investments:		
Certificate of Deposit		<u>8,328</u>
Total Cash and Investments		<u>\$1,100,420</u>

The Town has one (1) certificate of deposit in the amount of \$8,328 with an interest rate of 0.25%. The certificate of deposit will mature during fiscal year 2019.

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	512,145	529,362
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>\$1,100,420</u>	<u>\$1,117,637</u>

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

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.

TOWN OF BOLTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2018 are as follows:

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

Interfund transfers during the year ended June 30, 2018 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
FEMA Fund	General Fund	\$ <u>151,686</u>	Close Fund

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.

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.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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. It is the goal of the Select Board to maintain an unassigned fund balance in the Town's General Fund of not less than 15% of annual budgeted operating expenditures as a contingency reserve. If the unassigned fund balance at fiscal year-end falls below this goal, the Board shall develop a 3 year restoration plan to achieve and maintain the minimum contingency fund balance. The unassigned fund balance in excess of 20% of budgeted appropriations will be transferred to capital reserve funds, subject to voter approval.

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	\$139,925
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Buildings	48,508
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Resurfacing/Guardrails	15,455
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)	5,371

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Restricted for Scholarship Expenses by Donations (Source of Revenue is Donations)	\$ 1,868
Restricted for Emberley Scholarship Expenses by Donations (Source of Revenue is Donations)	<u>1,823</u>
Total General Fund	<u>242,841</u>

Non-Major Fund

Permanent Fund:

Restricted for Cemetery Expenses by Donations (Source of Revenue is Donations)	<u>8,330</u>
Total Restricted Fund Balances	<u>\$251,171</u>

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

Major Fund

General Fund:

Committed for Fire Department Equipment by the Voters	\$ 87,382
Committed for Fire Department Buildings by the Voters	12,538
Committed for Fire Department Hoses by the Voters	1,503
Committed for Land Conservation by the Voters	27,406
Committed for Planning Expenses by the Voters	<u>11,760</u>
Total Committed Fund Balances	<u>\$140,589</u>

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

Major Fund

General Fund:

Assigned for Hardship Expenses	\$1,100
Assigned for Land Conservation	<u>3,000</u>
Total Assigned Fund Balances	<u>\$4,100</u>

D. Restricted Net Position

The restricted net position in the governmental activities includes the restricted fund balances of \$251,171.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the retirement system consisted of 423 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, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 0.0542% resulting in a net pension liability of \$65,656. The net pension liability was measured as of June 30, 2017, 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 \$65,656 contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0542% was an increase of 0.0014 from its proportion measured as of the prior year.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation, a decrease from 7.95% in the prior year.

Salary increases: 5% per year.

Mortality – The mortality tables were updated for the current year from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement:

Death in Active Service: Groups A and B – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-Retirement: Groups A and B – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-Retirement: Groups A and B – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum per group a members and 1.30% per annum for Group B members, a decrease from 1.8% in the prior year (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A and B who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Actuarial Cost Method: Entry age actuarial cost method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

Actuarial Value of Assets: 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 market value of assets by more than 20%.

Inflation: 2.50%, a decrease from 3% in the prior year.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	16%	6.07%
Non-US Equity	16%	7.42%
Global Equity	9%	6.85%
Real Estate	8%	4.62%
Private Markets	15%	7.80%
Hedge Funds	8%	3.95%
Risk Parity	4%	4.84%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, a decrease from 7.95% in the prior year. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

TOWN OF BOLTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$117,224	\$65,656	\$22,888

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, 2018, taxes became due and payable on September 15, 2017, November 15, 2017, February 15, 2018 and May 15, 2018. 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 2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.5930	.5930
Land Conservation	.0025	.0025
Education – Local Share	<u>1.4922</u>	<u>1.5496</u>
Total	<u>2.0877</u>	<u>2.1451</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 Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 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	\$140,000	\$ 0	\$ 40,000	\$100,000
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	19,241	0	19,241	0
Note Payable, Community Bank, N.A, Fire Station Renovation, Principal Payments of \$14,285 Payable October 31 Annually, Interest at 2.917%, Due October, 2031	214,285	0	14,285	200,000

TOWN OF BOLTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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%	\$ 70,000	\$ 0	\$ 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>54,044</u>	<u>0</u>	<u>12,982</u>	<u>41,062</u>
Total	<u>\$497,570</u>	<u>\$ 0</u>	<u>\$86,508</u>	<u>\$411,062</u>

Maturities are estimated to be as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Capital Leases</u>
2019	\$ 68,285	\$10,113	\$14,425
2020	68,286	8,142	14,425
2021	48,286	6,422	14,425
2022	28,286	5,172	0
2023	28,285	4,404	0
2024-2028	71,428	14,594	0
2029-2033	<u>57,144</u>	<u>4,171</u>	<u>0</u>
Total	370,000	53,018	43,275
Less: Imputed Interest	<u>0</u>	<u>0</u>	<u>(2,213)</u>
Total	<u>\$370,000</u>	<u>\$53,018</u>	<u>\$41,062</u>

F. SUBSEQUENT EVENT

The Town has taken out two loans subsequent to the end of the year. The Town has taken out a ten year note with Community Bank to purchase a bucket loader in the amount of \$62,325 with an interest rate of 3.55%. The first payment is due on November 14, 2019. The Town has also taken out a ten year note with Community Bank for a mini-pumper in the amount of \$106,930 with an interest rate of 3.35%. The first payment is due on September 5, 2019.

TOWN OF BOLTON, VERMONT
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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 765,161	\$ 774,400	\$ 9,239
Interest on Delinquent Taxes	0	8,824	8,824
Penalties on Delinquent Taxes	0	194	194
Current Use	40,843	40,843	0
Payment in Lieu of Taxes	79,465	79,465	0
Railroad Tax	3,032	3,046	14
Traffic Fines	0	2,676	2,676
Highway State Aid	53,437	53,436	(1)
Highway Weight Permits	0	680	680
Highway Administration Fees	0	50	50
Better Back Roads Grant Income	0	10,958	10,958
Road Cut Deposits	0	3,000	3,000
Recording Fees	0	13,470	13,470
Restoration Fees	0	1,497	1,497
Dog Licenses	0	1,504	1,504
Liquor Licenses	0	1,290	1,290
Marriage/Civil Union Fees	0	630	630
Vault Fees	0	2,806	2,806
Zoning Fees	0	5,472	5,472
Reappraisal Income	0	7,315	7,315
Donations	0	350	350
Investment Income	0	2,644	2,644
Planning Grant Income	0	6,000	6,000
Miscellaneous Income	0	1,810	1,810
Miscellaneous Grant Income	0	1,122	1,122
Logging Income	0	4,891	4,891
Total Cash Receipts	941,938	1,028,373	86,435
Cash Disbursements:			
Town Administration:			
Personnel:			
Clerk/Treasurer Wages	78,753	78,769	(16)
DRB/PC Assistant Wages	9,568	2,398	7,170
Zoning Administrator Wages	9,568	8,073	1,495
Assessor Assistant Wages	750	419	331
Board Clerk	1,575	1,072	503
Social Security	8,849	7,961	888
Retirement	4,094	4,565	(471)
Health Insurance	10,000	10,000	0
Dental Coverage	1,400	1,238	162
Worker's Comp Insurance	676	751	(75)
Unemployment Insurance	645	125	520
Training	650	350	300
Selectboard Stipends	1,950	2,048	(98)
Constable Stipend	500	500	0
BCA Stipend	540	450	90
PTO Payout	2,316	0	2,316
Health Officer Stipend	250	250	0
Board Stipends DRB & PC	2,100	1,400	700
Total Personnel	134,184	120,369	13,815

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BOLTON, VERMONT
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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Office:			
Heating Fuel	\$ 1,500	\$ 247	\$ 1,253
Electricity	1,750	1,181	569
Trash Removal	350	360	(10)
Building Maintenance/Repairs	2,500	2,093	407
Office Operating Expenses	6,900	6,619	281
Telephone/Fax/Internet	3,500	3,081	419
Copier Lease & Images	4,500	2,516	1,984
Meeting Expenses	300	207	93
Bolton Gazette	2,300	2,277	23
Postage	3,800	2,880	920
Printing/Advertising	4,000	4,232	(232)
Land Record Archiving	2,000	1,999	1
Property Maintenance	2,500	2,014	486
Property & Casualty Insurance	8,900	7,688	1,212
Cemetery Care	4,200	3,500	700
Office/Computer Equipment	2,000	2,000	0
Tech Support	2,200	708	1,492
NEMRC	2,000	2,110	(110)
Web Page Expenses	250	0	250
Election Expenses	1,750	1,147	603
Constable Expenses	250	274	(24)
Assessor Expenses	900	297	603
Zoning/Health Officer Expenses	200	0	200
Conservation Commission	600	665	(65)
Planning Commission	3,000	1,418	1,582
Development Review Board	250	250	0
Recreation Fund	500	334	166
Senior Christmas	0	1,313	(1,313)
Miscellaneous	0	452	(452)
Total Town Office	62,900	51,862	11,038
Taxes, Fees:			
Membership Fees	4,025	3,916	109
County Tax	6,280	5,890	390
Fees (Bank & State)	1,300	735	565
Miscellaneous	0	1,300	(1,300)
Total Taxes, Fees	11,605	11,841	(236)
Contracted Services:			
Legal Services	20,000	16,860	3,140
Bookkeeping/Auditing Services	10,400	11,750	(1,350)
Property Tax Maps	2,150	1,650	500
Assessor Services	16,000	16,000	0
Richmond Rescue	18,120	18,120	0
Speed Control Services	5,000	4,005	995
Total Contracted Services	71,670	68,385	3,285

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TOWN OF BOLTON, VERMONT
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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Service Organization Allocations:			
Chittenden Unit Special Investigations	\$ 2,187	\$ 2,187	\$ 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
Waterbury Senior Center	200	200	0
	<u>3,917</u>	<u>3,917</u>	<u>0</u>
Total Service Organization Allocations	<u>3,917</u>	<u>3,917</u>	<u>0</u>
Total Town Administration	<u>284,276</u>	<u>256,374</u>	<u>27,902</u>
Highway Department:			
Personnel:			
Wages/FT	77,043	77,858	(815)
Wages/OT	12,479	12,416	63
Wages/PT	9,500	6,280	3,220
PTO Payout	1,418	0	1,418
Worker's Comp Insurance	9,232	8,436	796
Unemployment Insurance	645	125	520
Social Security	7,954	8,325	(371)
Retirement	4,744	4,623	121
Health Insurance	13,298	11,441	1,857
Dental Insurance	435	420	15
Uniforms	1,000	998	2
Training Fees and Mileage	500	502	(2)
Contracted Services	8,000	9,260	(1,260)
	<u>146,248</u>	<u>140,684</u>	<u>5,564</u>
Total Personnel	<u>146,248</u>	<u>140,684</u>	<u>5,564</u>
Town Garage:			
Garage Operating Expenses	7,000	8,728	(1,728)
Telephone	1,400	1,113	287
Heating Fuel	6,200	3,244	2,956
Electricity	2,300	2,209	91
Building Maintenance	2,000	7,222	(5,222)
Property and Casualty Insurance	10,850	8,871	1,979
	<u>29,750</u>	<u>31,387</u>	<u>(1,637)</u>
Total Town Garage	<u>29,750</u>	<u>31,387</u>	<u>(1,637)</u>
Equipment:			
Equipment Rentals	1,000	110	890
Equipment Repair	3,000	143	2,857
Small Equipment Purchase	600	347	253
Safety Equipment	500	90	410
Tools	500	460	40
	<u>5,600</u>	<u>1,150</u>	<u>4,450</u>
Total Equipment	<u>5,600</u>	<u>1,150</u>	<u>4,450</u>

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TOWN OF BOLTON, VERMONT
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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Materials:			
Gravel	\$ 20,000	\$ 14,883	\$ 5,117
Sand	9,800	9,689	111
Resurfacing	80,000	2,261	77,739
Cold Patch	500	656	(156)
Erosion Control	2,000	802	1,198
Culverts	9,000	5,880	3,120
Road Signs	2,000	2,650	(650)
Chloride	500	0	500
Salt	40,000	42,655	(2,655)
Total Materials	163,800	79,476	84,324
Vehicles:			
2005 International	4,000	0	4,000
2013 Dodge	2,500	6,593	(4,093)
2000 Loader	4,000	324	3,676
2017 International A	1,000	1,380	(380)
2017 International B	0	978	(978)
1999 Grader	3,000	12,248	(9,248)
IMT Roadside Mower	500	650	(150)
Fuel	25,000	23,026	1,974
Oil/Lube	1,500	1,141	359
Tires	3,500	2,628	872
Cutting Edges	4,300	6,573	(2,273)
Total Vehicles	49,300	55,541	(6,241)
Highway Construction:	0	15,505	(15,505)
Better Back Roads Grant Expenses:	0	31,196	(31,196)
Grants in Aid Program Expense	0	9,703	(9,703)
Total Highway Department	394,698	364,642	30,056
Fire Department:			
Personnel:			
Fire Chief Stipend	2,000	2,000	0
Volunteer Training Stipends	8,000	8,000	0
Training Fees and Mileage	1,500	1,109	391
Turnout Gear	4,000	4,403	(403)
Total Personnel	15,500	15,512	(12)
General Operations:			
General Operations	7,000	6,944	56
Property and Casualty Insurance	11,000	11,495	(495)
Worker's Comp Insurance	1,493	2,129	(636)
Telephone/Internet	4,250	4,006	244
Mutual Aid Dues	300	0	300
Dispatch Services	4,500	3,891	609
Total General Operations	28,543	28,465	78

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TOWN OF BOLTON, VERMONT
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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Station:			
Building Maintenance/Repair	\$ 1,500	\$ 3,459	\$ (1,959)
Heating Fuel	6,500	3,930	2,570
Electricity	<u>2,000</u>	<u>2,071</u>	<u>(71)</u>
Total Fire Station	<u>10,000</u>	<u>9,460</u>	<u>540</u>
Equipment:			
Communications/Radio Equipment	500	153	347
Small Equipment/Tools	6,000	5,258	742
Equipment Repair	1,300	1,717	(417)
SCBA Testing	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Equipment	<u>9,800</u>	<u>7,128</u>	<u>2,672</u>
Vehicles:			
Vehicle Maintenance/Repair	6,000	10,175	(4,175)
Vehicle Operation	<u>750</u>	<u>312</u>	<u>438</u>
Total Vehicles	<u>6,750</u>	<u>10,487</u>	<u>(3,737)</u>
Total Fire Department	<u>70,593</u>	<u>71,052</u>	<u>(459)</u>
Debt Service Payments:			
Town Office Construction - Principal	19,242	19,239	3
Town Office Construction - Interest	424	411	13
Notch Road Reconstruction - Principal	40,000	40,000	0
Notch Road Reconstruction - Interest	3,250	3,153	97
Fire Station Renovations - Principal	14,286	14,286	0
Fire Station Renovations - Interest	6,251	6,237	14
2017 International Truck Lease	<u>14,425</u>	<u>14,425</u>	<u>0</u>
Total Debt Service Payments	<u>97,878</u>	<u>97,751</u>	<u>127</u>
Reserve Fund Contributions:			
Land Conservation Reserve	6,215	6,215	0
Planning Project Reserve	4,000	4,000	0
2006 Highway Garage Reserve	8,000	8,000	0
Highway Equipment Reserve	43,638	43,638	0
Highway Guardrails Reserve	2,500	2,500	0
Fire Station Reserve	2,500	2,500	0
Fire Equipment Reserve	<u>27,640</u>	<u>27,640</u>	<u>0</u>
Total Reserve Fund Contributions	<u>94,493</u>	<u>94,493</u>	<u>0</u>
Total Cash Disbursements	<u>941,938</u>	<u>884,312</u>	<u>57,626</u>
Excess of Cash Receipts Over Cash Disbursements	<u>\$ 0</u>	144,061	<u>\$ 144,061</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF BOLTON, VERMONT
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, 2018

	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		\$ 6,215	
Transfer to Planning Project Reserve		4,000	
Transfer to 2006 Highway Garage Reserve		8,000	
Transfer to Highway Equipment Reserve		43,638	
Transfer to Highway Guardrails Reserve		2,500	
Transfer to Fire Station Reserve		2,500	
Transfer to Fire Equipment Reserve		27,640	
Transfer from FEMA Fund		151,686	
Net Change in Fund Balance		390,240	
Fund Balance - July 1, 2017		695,750	
Fund Balance - June 30, 2018		\$ 1,085,990	

The reconciling items are due to budgeted transfers to reserve accounts within the General Fund and an unbudgeted transfer to close out the FEMA Fund.

Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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VT Lic. #92-000180

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, 2018, 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 January 9, 2019.

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 January 9, 2019.

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.

January 9, 2019
Montpelier, Vermont
VT Lic. #92-000180

