

**TOWN OF BOLTON, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2020**

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, 2020, 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, 2019, 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.

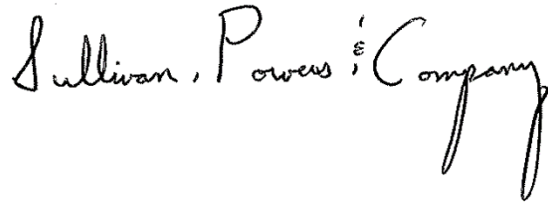
***Other Information***

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 December 30, 2020 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 30, 2020  
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 initial 'S' and a long, sweeping tail on the 'y'.

TOWN OF BOLTON, VERMONT  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 1,159,393
Investments	<u>8,370</u>
Total Assets	<u>1,167,763</u>
<u>LIABILITIES</u>	
Payroll Withholdings Payable	<u>22</u>
Total Liabilities	<u>22</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	<u>2,891</u>
Total Deferred Inflows of Resources	<u>2,891</u>
<u>NET POSITION</u>	
Restricted:	
Highways and Streets	576,554
Other	23,961
Unrestricted	<u>564,335</u>
Total Net Position	<u>\$ 1,164,850</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, 2020

	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	\$ 308,842	\$ 44,299	\$ 8,244	\$ 0	\$ (256,299)
Public Safety	107,296	730	0	0	(106,566)
Highways and Streets	500,892	4,962	54,836	59,988	(381,106)
Debt Service	127,948	0	0	0	(127,948)
Total Governmental Activities	\$ 1,044,978	\$ 49,991	\$ 63,080	\$ 59,988	(871,919)
General Receipts:					
Property Taxes					856,917
Penalties and Interest on Delinquent Taxes					8,374
General State Grants					136,926
Unrestricted Investment Earnings					4,581
Insurance Proceeds					26,306
Other					2,624
Total General Receipts					1,035,728
Change in Net Position					163,809
Net Position - July 1, 2019					1,001,041
Net Position - June 30, 2020					\$ 1,164,850

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, 2020

	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	\$ 1,159,393	\$ 0	\$ 0	\$ 1,159,393
Investments	0	0	8,370	8,370
Due from Other Funds	<u>28,557</u>	<u>0</u>	<u>0</u>	<u>28,557</u>
Total Assets	<u>\$ 1,187,950</u>	<u>\$ 0</u>	<u>\$ 8,370</u>	<u>\$ 1,196,320</u>
<u>LIABILITIES</u>				
Payroll Withholdings Payable	22	0	0	22
Due to Other Funds	<u>0</u>	<u>28,538</u>	<u>19</u>	<u>28,557</u>
Total Liabilities	<u>22</u>	<u>28,538</u>	<u>19</u>	<u>28,579</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Prepaid Property Taxes	<u>2,891</u>	<u>0</u>	<u>0</u>	<u>2,891</u>
Total Deferred Inflows of Resources	<u>2,891</u>	<u>0</u>	<u>0</u>	<u>2,891</u>
<u>FUND BALANCES</u>				
Restricted	592,164	0	8,351	600,515
Committed	206,011	0	0	206,011
Assigned	280	0	0	280
Unassigned/(Deficit)	<u>386,582</u>	<u>(28,538)</u>	<u>0</u>	<u>358,044</u>
Total Fund Balances/(Deficit)	<u>1,185,037</u>	<u>(28,538)</u>	<u>8,351</u>	<u>1,164,850</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,187,950</u>	<u>\$ 0</u>	<u>\$ 8,370</u>	<u>\$ 1,196,320</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, 2020

	General Fund	FEMA Fund	Non-Major Governmental Fund Cemetery Fund	Total Governmental Funds
<b>Cash Receipts:</b>				
Property Taxes	\$ 856,917	\$ 0	\$ 0	\$ 856,917
Penalties and Interest on Delinquent Taxes	8,374	0	0	8,374
Intergovernmental	206,980	20,267	0	227,247
Charges for Services	2,478	0	0	2,478
Permits, Licenses and Fees	48,549	0	0	48,549
Fines and Forfeits	230	0	0	230
Investment Income	4,581	0	0	4,581
Donations	826	0	0	826
Other	532	0	0	532
<b>Total Cash Receipts</b>	<u>1,129,467</u>	<u>20,267</u>	<u>0</u>	<u>1,149,734</u>
<b>Cash Disbursements:</b>				
General Government	308,842	0	0	308,842
Public Safety	95,856	0	0	95,856
Highways and Streets	370,023	42,293	0	412,316
Capital Outlay:				
Highways and Streets	88,576	0	0	88,576
Public Safety	11,440	0	0	11,440
Debt Service:				
Principal	112,896	0	0	112,896
Interest	15,052	0	0	15,052
<b>Total Cash Disbursements</b>	<u>1,002,685</u>	<u>42,293</u>	<u>0</u>	<u>1,044,978</u>
<b>Excess/(Deficiency) of Cash Receipts Over Cash Disbursements</b>	<u>126,782</u>	<u>(22,026)</u>	<u>0</u>	<u>104,756</u>
<b>Other Financing Sources:</b>				
Proceeds from Long-term Debt	32,747	0	0	32,747
Insurance Proceeds	26,306	0	0	26,306
<b>Total Other Financing Sources</b>	<u>59,053</u>	<u>0</u>	<u>0</u>	<u>59,053</u>
<b>Net Change in Fund Balances</b>	185,835	(22,026)	0	163,809
<b>Fund Balances/(Deficit) - July 1, 2019</b>	<u>999,202</u>	<u>(6,512)</u>	<u>8,351</u>	<u>1,001,041</u>
<b>Fund Balances/(Deficit) - June 30, 2020</b>	<u>\$ 1,185,037</u>	<u>\$ (28,538)</u>	<u>\$ 8,351</u>	<u>\$ 1,164,850</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, 2020

	<u>Agency Fund</u> <u>Senior Meals Fund</u>
<u>ASSETS</u>	
Cash	\$ <u>972</u>
Total Assets	<u>972</u>
<u>LIABILITIES</u>	
Due to Other Organization	<u>972</u>
Total Liabilities	<u>972</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, 2020

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, 2020

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, 2020

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, 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 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, 2020

**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.

**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.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2020, expenditures in the General Fund exceeded appropriations by \$17,045. These over – expenditures were funded by excess revenues.

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments as of June 30, 2020 consist of the following:

Cash:	
Deposits with Financial Institutions	\$1,160,365
Investments:	
Certificate of Deposit	<u>8,370</u>
Total Cash and Investments	<u>\$1,168,735</u>

The Town has one (1) certificate of deposit in the amount of \$8,370 with an interest rate of 0.25%. The certificate of deposit will mature during fiscal year 2021.

**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	\$ 342,269	\$ 343,142
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	298,807	318,400
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Bank of New York Mellon.	<u>527,659</u>	<u>527,659</u>
Total	<u>\$1,168,735</u>	<u>\$1,189,201</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, 2020

**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, 2020 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$28,557	\$ 0
FEMA Fund	0	28,538
Non-Major Governmental Fund – Cemetery Fund	<u>0</u>	<u>19</u>
Total	<u>\$28,557</u>	<u>\$28,557</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  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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. 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 three 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	\$188,420
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Projects	232,875
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Highway Buildings	64,800
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Resurfacing/Guardrails	21,959
Restricted for Highway Expenditures by Statute (Source of Revenue is Highway Property Taxes) – Designated for Paving Expenditures	68,500

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

Restricted for Road Cutting Expenditures by Ordinance (Source of Revenue is Road Cut Charges)	\$ 3,000
Restricted for Records Restoration by Statute (Source of Revenue is Restoration Fees)	<u>12,610</u>
Total General Fund	<u>592,164</u>

Non-Major Fund

Permanent Fund:

Restricted for Cemetery Expenses by Donations (Source of Revenue is Donations)	<u>8,351</u>
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Total Restricted Fund Balances	<u>\$600,515</u>
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The fund balance in the following fund is committed as follows:

Major Fund

General Fund:

Committed for Fire Department Equipment by the Voters	\$135,077
Committed for Fire Department Buildings by the Voters	17,601
Committed for Fire Department Hoses by the Voters	1,515
Committed for Land Conservation by the Voters	33,774
Committed for Planning Expenses by the Voters	14,544
Committed for Town Office Expenses by the Voters	<u>3,500</u>

Total Committed Fund Balances	<u>\$206,011</u>
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The fund balance in the following fund is assigned as follows:

Major Fund

General Fund:

Assigned for Preston Pond Conservation Area	<u>\$280</u>
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Total Assigned Fund Balances	<u>\$280</u>
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The unassigned deficit in the FEMA Fund of \$28,538 will be funded by the collection of future grant revenue.

**D. Restricted Net Position**

The restricted net position in the governmental activities includes the restricted fund balances of \$600,515.

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

#### **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, 2019, the retirement system consisted of 379 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, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net position liability of \$173,491,807. As of June 30, 2020, the Town's proportionate share of this was 0.05217% resulting in a net pension liability of \$90,507. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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. The Town's proportion of 0.05217% was a decrease of 0.00033 from its proportion measured as of the prior year.

TOWN OF BOLTON, VERMONT  
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JUNE 30, 2020

**Summary of System Provisions**

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Groups A and B.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) 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. Groups C and D – Age 55 with five (5) 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. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. 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. Age 50 with twenty (20) years of service for Group D.

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, and payable without reduction to Group D 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”.

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

Amount – For Groups A, B and C, 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. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

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 Groups B, C and D.

Member Contributions – Group A – 2.75%. Group B – 5.125%. Group C – 10.25%. Group D – 11.60%.

Employer Contributions – Group A – 4.25%. Group B – 5.75%. Group C – 7.50%. Group D – 10.10%.

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.

Salary increases: 5% per year.

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

Mortality:

Death in Active Service: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Mortality Table with generational projection using scale SSA-2017.

Healthy Post-Retirement: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017.

Disabled Post-Retirement: All Groups – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

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

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B, C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, for all groups.

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.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Inflation: 2.50%

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, 2019 are summarized in the following table:

TOWN OF BOLTON, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	6.90%
US Equity – Large Cap	4%	5.94%
US Equity – Small/Mid Cap	3%	6.72%
Non-US Equity – Large Cap	5%	6.81%
Non-US Equity – Small Cap	2%	7.31%
Emerging Markets Debt	4%	4.26%
Core Bond	14%	1.79%
Non-Core Bonds	6%	3.22%
Short Quality Credit	5%	1.81%
Private Credit	5%	6.00%
US TIPS	3%	1.45%
Core Real Estate	5%	4.26%
Non-Core Real Estate	3%	5.76%
Private Equity	10%	10.81%
Infrastructure/Farmland	2%	4.89%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. 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%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$148,418	\$ 90,507	\$ 42,568

**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.

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

**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, 2020, taxes became due and payable on September 16, 2019, November 18, 2019, February 17, 2020 and May 18, 2020. 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 2020 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.6571	.6571
Land Conservation	.0025	.0025
Education – Local Share	<u>1.5463</u>	<u>1.6592</u>
Total	<u>2.2059</u>	<u>2.3188</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.

**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.



TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

**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, 2020 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	\$ 60,000	\$ 0	\$ 40,000	\$ 20,000
Note Payable, Community Bank, N.A., Fire Station Renovation, Principal Payments of \$14,286 Plus Interest Payable October 31 Annually, Interest at 2.917%, Due October, 2031	185,714	0	14,286	171,428
Note Payable, Community Bank, N.A., 2017 International Truck, Principal Payments of \$14,000 Plus Interest Payable July 2 Annually, Interest at 2.1% Due April, 2022	56,000	0	28,000*	28,000
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	27,734	0	13,684	14,050

TOWN OF BOLTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Community Bank, N.A., 2018 Mini Pumper, Principal Payments of \$10,693 Plus Interest Payable Annually Beginning on September 5, 2019, Interest at 3.35%, Due September, 2028	\$106,930	\$ 0	\$ 10,693	\$ 96,237
Note Payable, Community Bank, N.A., Bucket Loader, Principal Payments of \$6,233 Plus Interest Payable Annually Beginning November 14, 2019, Interest at 3.55%, Due November 2028	62,325	0	6,233	56,092
Note Payable, Community Bank, N.A., 2020 International, Principal Payments of \$6,549 Plus Interest Payable Annually Beginning April 18, 2021, Interest at 3.00%, Due April, 2025	<u>0</u>	<u>32,747</u>	<u>0</u>	<u>32,747</u>
Total	<u>\$498,703</u>	<u>\$32,747</u>	<u>\$112,896</u>	<u>\$418,554</u>

\*The Town made two (2) principal payments during the year due to timing of checks written.

Maturities are estimated to be as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Capital Leases</u>
2021	\$ 71,761	\$ 12,611	\$ 14,425
2022	51,760	10,594	0
2023	37,760	8,813	0
2024	37,761	7,621	0
2025	37,761	6,437	0
2026-2030	139,130	16,217	0
2031-2032	<u>28,571</u>	<u>1,250</u>	<u>0</u>
Total	404,504	63,543	14,425
Less: Imputed Interest	<u>0</u>	<u>0</u>	<u>(375)</u>
Total	<u>\$404,504</u>	<u>\$ 63,543</u>	<u>\$ 14,050</u>

**F. Subsequent Events**

On November 9, 2020, The Town approved a line of credit with Community Bank for \$400,000 to fund the Notch Road slide repairs.

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 853,805	\$ 856,917	\$ 3,112
Interest on Delinquent Taxes	0	4,615	4,615
Penalty on Delinquent Taxes	0	360	360
Current Use	47,320	47,320	0
Payment in Lieu of Taxes	79,550	77,550	(2,000)
Railroad Tax	3,214	3,214	0
Traffic Fines	0	230	230
Highway State Aid	53,435	54,836	1,401
Highway Weight Permits	0	685	685
Highway Access Permits	0	1,000	1,000
Highway Administrative Fees	0	65	65
Smilie Parking Maintenance	0	1,212	1,212
Road Cut Deposits	0	2,000	2,000
Better Back Roads Grant Income	0	6,974	6,974
Grant in Aid	0	8,067	8,067
Recording Fees	0	15,955	15,955
Restoration Fees	0	5,710	5,710
Dog Licenses	0	1,360	1,360
Liquor Licenses	0	875	875
Marriage/Civil Union Fees	0	410	410
Vault Fees	0	2,439	2,439
Zoning Fees	0	10,962	10,962
Reappraisal Income	0	6,588	6,588
Equalization	0	775	775
Donations	0	826	826
Investment Income	0	4,581	4,581
Planning Grant Income	0	6,359	6,359
PACIF Grant	0	885	885
Miscellaneous Income	0	172	172
Cemetery Plots	0	725	725
Miscellaneous Grant Income	0	1,000	1,000
Insurance Reimbursement	0	26,306	26,306
Community Fair Proceeds	0	541	541
Fireworks Permits	0	500	500
Community Bank Loan International	0	32,747	32,747
	<u>1,037,324</u>	<u>1,184,761</u>	<u>147,437</u>
Total Cash Receipts			
Cash Disbursements:			
Town Administration:			
Personnel:			
Clerk/Treasurer Wages	82,772	82,994	(222)
Zoning Administrator Wages	25,085	23,572	1,513
Assessor Assistant Wages	550	0	550
Board Clerk	1,620	1,229	391
Social Security	9,446	9,705	(259)
Retirement	4,963	5,161	(198)
Health Insurance	10,000	10,000	0
Dental Coverage	1,286	1,273	13
Worker's Comp Insurance	625	742	(117)
Unemployment Insurance	375	105	270
Disability Insurance	377	309	68
Training	500	95	405
Selectboard Stipends	3,900	3,720	180

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Personnel/(Cont.):			
Constable Stipend	\$ 250	\$ 250	\$ 0
BCA Stipend	600	490	110
Animal Control Stipend	500	500	0
PTO Payout	3,447	2,223	1,224
Health Officer Stipend	250	250	0
Board Stipends DRB & PC	1,800	1,100	700
	<u>148,346</u>	<u>143,718</u>	<u>4,628</u>
Total Personnel			
Town Office:			
Heating Fuel	1,000	775	225
Electricity	1,350	1,586	(236)
Trash Removal	371	487	(116)
Building Maintenance/Repairs	2,500	5,359	(2,859)
Office Operating Expenses	6,900	6,749	151
Telephone/Fax/Internet	3,500	3,541	(41)
Copier Lease & Images	3,200	2,739	461
Meeting Expenses	300	329	(29)
Bolton Gazette	1,900	230	1,670
Postage	3,500	2,809	691
Printing/Advertising	5,000	4,649	351
Land Record Archiving	3,000	2,954	46
Property Maintenance	2,500	1,318	1,182
Property & Casualty Insurance	6,350	5,890	460
Cemetery Care	4,000	2,920	1,080
Office/Computer Equipment	2,400	7,341	(4,941)
Tech Support	7,775	7,050	725
NEMRC	2,100	2,239	(139)
Web Page Expenses	100	156	(56)
Election Expenses	1,500	1,838	(338)
Constable Expenses	250	0	250
Assessor Expenses	700	478	222
Zoning/Health Officer Expenses	200	184	16
Conservation Commission	1,000	400	600
Planning Commission	3,000	3,000	0
Development Review Board	250	70	180
Recreation Fund	750	571	179
Planning Grant Expenses	0	24,897	(24,897)
Senior Christmas	0	904	(904)
PPCA Parking Lot Project	0	960	(960)
PPCA Survey	0	9,900	(9,900)
ERC Rise VT Grant Expenses	0	861	(861)
Town Scholarship	0	1,275	(1,275)
	<u>65,396</u>	<u>104,459</u>	<u>(39,063)</u>
Total Town Office			
Taxes, Fees:			
Membership Fees	4,005	4,010	(5)
County Tax	5,950	5,816	134
Fees (Bank & State)	1,250	1,008	242
	<u>11,205</u>	<u>10,834</u>	<u>371</u>
Total Taxes, Fees			

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Contracted Services:</b>			
Legal Services	\$ 20,000	\$ 12,238	\$ 7,762
Bookkeeping/Auditing Services	10,650	10,650	0
Property Tax Maps	1,750	1,775	(25)
Assessor Services	16,000	16,000	0
Richmond Rescue	19,220	19,220	0
Speed Control Services	4,000	1,290	2,710
<b>Total Contracted Services</b>	<b>71,620</b>	<b>61,173</b>	<b>10,447</b>
<b>Service Organization Allocations:</b>			
Chittenden Unit Special Investigations	2,159	2,159	0
Visiting Nurses Association	750	750	0
Committee on Temporary Shelter	250	250	0
Our Community Cares	275	275	0
Front Porch Forum	50	50	0
Steps to End Domestic Violence	275	275	0
Waterbury Senior Center	1,000	1,000	0
Library Card Reimbursement	815	650	165
<b>Total Service Organization Allocations</b>	<b>5,574</b>	<b>5,409</b>	<b>165</b>
<b>Total Town Administration</b>	<b>302,141</b>	<b>325,593</b>	<b>(23,452)</b>
<b>Highway Department:</b>			
<b>Personnel:</b>			
Wages/Full Time	118,373	115,459	2,914
Wages/Over Time	10,244	15,756	(5,512)
Wages/Part Time	5,161	2,455	2,706
Road Commissioner Stipend	2,000	2,000	0
PTO Payout	3,114	1,071	2,043
Worker's Comp Insurance	9,766	10,175	(409)
Unemployment Insurance	600	73	527
Disability Insurance	630	489	141
Social Security	10,851	11,180	(329)
Retirement	6,631	6,709	(78)
Health Insurance	35,530	25,812	9,718
Dental Insurance	1,441	1,046	395
Uniforms	2,000	1,623	377
Training Fees and Mileage	1,000	191	809
Contracted Services	8,000	2,400	5,600
<b>Total Personnel</b>	<b>215,341</b>	<b>196,439</b>	<b>18,902</b>
<b>Town Garage:</b>			
Garage Operating Expenses	7,000	8,522	(1,522)
Telephone	4,820	2,778	2,042
Heating Fuel	3,100	3,330	(230)
Electricity	2,100	2,000	100
Building Maintenance	4,000	150	3,850
Property and Casualty Insurance	6,900	6,826	74
Grant in Aid Program Expenses	0	7,019	(7,019)
MRGP	500	500	0
<b>Total Town Garage</b>	<b>28,420</b>	<b>31,125</b>	<b>(2,705)</b>

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Equipment:			
Equipment Rentals	\$ 2,500	\$ 1,876	\$ 624
Equipment Repair	600	255	345
Small Equipment Purchase	4,500	2,062	2,438
Safety Equipment	500	54	446
Tools	1,000	8	992
Tree Removal	1,000	0	1,000
	<u>10,100</u>	<u>4,255</u>	<u>5,845</u>
Total Equipment			
Materials:			
Gravel	40,000	15,090	24,910
Sand	10,500	13,956	(3,456)
Resurfacing	70,000	1,151	68,849
Cold Patch	800	346	454
Erosion Control	1,000	78	922
Stone Lining	10,000	0	10,000
Culverts	6,000	0	6,000
Road Signs	2,000	268	1,732
Chloride	1,000	0	1,000
Salt	48,000	55,289	(7,289)
	<u>189,300</u>	<u>86,178</u>	<u>103,122</u>
Total Materials			
Vehicles:			
2013 Dodge	4,000	2,045	1,955
2018 Loader	100	378	(278)
2017 International A	1,500	9,344	(7,844)
2017 International B	1,000	2,998	(1,998)
1999 Grader	5,000	72	4,928
IMT Roadside Mower	2,500	0	2,500
2016 Ford F-550	0	59,439	(59,439)
2020 International	0	29,137	(29,137)
Fuel	25,000	19,442	5,558
Oil/Lube	3,000	1,998	1,002
Tires	3,500	3,843	(343)
Cutting Edges	5,000	5,688	(688)
	<u>50,600</u>	<u>134,384</u>	<u>(83,784)</u>
Total Vehicles			
Highway Construction:	<u>0</u>	<u>3,059</u>	<u>(3,059)</u>
Better Back Roads Grant Expenses:	<u>0</u>	<u>3,159</u>	<u>(3,159)</u>
Total Highway Department	<u>493,761</u>	<u>458,599</u>	<u>35,162</u>
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	1,132	368
Turnout Gear	4,500	5,874	(1,374)
	<u>16,000</u>	<u>17,006</u>	<u>(1,006)</u>
Total Personnel			

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
General Operations:			
General Operations	\$ 7,000	\$ 7,992	\$ (992)
Property and Casualty Insurance	14,150	13,337	813
Worker's Comp Insurance	1,075	1,560	(485)
Telephone/Internet	4,250	3,258	992
Mutual Aid Dues	150	250	(100)
Dispatch Services	4,000	3,890	110
<b>Total General Operations</b>	<b>30,625</b>	<b>30,287</b>	<b>338</b>
Fire Station:			
Building Maintenance/Repair	2,000	2,765	(765)
Heating Fuel	4,200	5,013	(813)
Electricity	2,100	2,011	89
<b>Total Fire Station</b>	<b>8,300</b>	<b>9,789</b>	<b>(1,489)</b>
Equipment:			
Communications/Radio Equipment	650	1,478	(828)
Small Equipment/Tools	6,000	7,548	(1,548)
Equipment Repair	1,300	0	1,300
SCBA Testing	3,000	1,640	1,360
Air Bottles	0	11,440	(11,440)
Hose Replacement Insurance	0	2,000	(2,000)
<b>Total Equipment</b>	<b>10,950</b>	<b>24,106</b>	<b>(13,156)</b>
Vehicles:			
Vehicle Maintenance/Repair	6,500	5,008	1,492
Vehicle Operation	500	590	(90)
<b>Total Vehicles</b>	<b>7,000</b>	<b>5,598</b>	<b>1,402</b>
<b>Total Fire Department</b>	<b>72,875</b>	<b>86,786</b>	<b>(13,911)</b>
Debt Service Payments:			
Notch Road Reconstruction - Principal	40,000	40,000	0
Notch Road Reconstruction - Interest	1,095	1,088	7
Fire Truck - Principal	10,693	10,693	0
Fire Truck - Interest	3,573	3,572	1
Fire Station Renovations - Principal	14,286	14,286	0
Fire Station Renovations - Interest	5,417	5,388	29
2017 International Truck Lease	14,425	14,425	0
2017 International Truck B - Principal	14,000	28,000	(14,000)
2017 International Truck B - Interest	1,176	2,058	(882)
2018 Bucket Loader - Principal	6,233	6,232	1
2018 Bucket Loader - Interest	2,206	2,206	0
<b>Total Debt Service Payments</b>	<b>113,104</b>	<b>127,948</b>	<b>(14,844)</b>

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Reserve Fund Contributions:			
Town Office Reserve	\$ 2,500	\$ 2,500	\$ 0
Planning Project Reserve	4,000	4,000	0
2006 Highway Garage Reserve	8,000	8,000	0
Highway Equipment Reserve	21,567	21,567	0
Highway Guardrails Reserve	2,500	2,500	0
Fire Station Reserve	2,500	2,500	0
Fire Equipment Reserve	14,376	14,376	0
Total Reserve Fund Contributions	55,443	55,443	0
Total Cash Disbursements	1,037,324	1,054,369	(17,045)
Excess of Cash Receipts Over Cash Disbursements	\$ 0	130,392	\$ 130,392
Adjustment to Reconcile from the Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Transfer to Land Conservation Reserve		2,500	
Transfer to Town Office Reserve		4,000	
Transfer to Planning Project Reserve		8,000	
Transfer to 2006 Highway Garage Reserve		21,567	
Transfer to Highway Equipment Reserve		2,500	
Transfer to Highway Guardrails Reserve		2,500	
Transfer to Fire Station Reserve		14,376	
Transfer to Fire Equipment Reserve		14,376	
Net Change in Fund Balance		185,835	
Fund Balance - July 1, 2019		999,202	
Fund Balance - June 30, 2020		\$ 1,185,037	

The reconciling items are due to budgeted transfers to reserve accounts within the General Fund and an unbudgeted transfer to the Land Conservation Reserve Fund.



**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, 2020, 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 30, 2020.

***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***

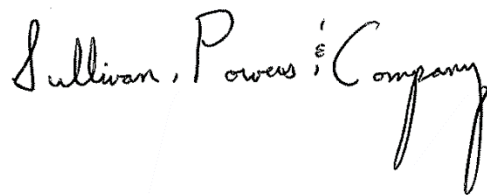
As part of obtaining reasonable assurance about whether the Town of Bolton, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 have reported to the Town of Bolton, Vermont in a separate letter dated December 30, 2020.

### ***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 30, 2020  
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 typed text.