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December 30, 2020

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

We have audited 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 have issued our report thereon dated December 30, 2020. 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.

In planning and performing our audit, we considered the Town of Bolton, Vermont’s internal control over financial reporting (internal control) as a basis for designing 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.

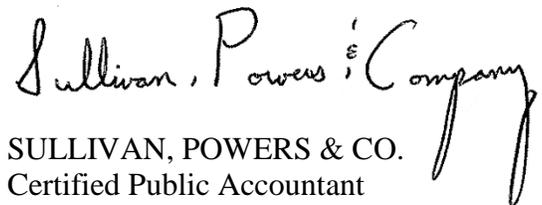
Our consideration of internal control was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the 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.

However, we have noted other matters during our audit as indicated in the accompanying Schedule of Recommendations that are opportunities for strengthening internal control and operating efficiency. We have discussed the recommendations with the staff during the course of fieldwork and the recommendations may have already been implemented.

This communication is intended solely for the information and use of management, the Selectboard, and others within the Town of Bolton, Vermont, and is not intended to be, and should not be, used by anyone other than these specified parties. If you would like to discuss any of the recommendations further, please feel free to contact us.

We would like to take this opportunity to thank the staff of the Town of Bolton, Vermont for their assistance and cooperativeness throughout our audit. It has been a pleasure working with you.

Respectfully submitted,


SULLIVAN, POWERS & CO.
Certified Public Accountant

TOWN OF BOLTON, VERMONT
SCHEDULE OF RECOMMENDATIONS
JUNE 30, 2020

Fraud Policy

The Town does not have a fraud policy in place. A fraud policy outlines the Town's position on fraudulent activities and dishonest conduct and sets out procedures for employees to report suspected fraud or misconduct to the appropriate personnel within the Town. This policy should further outline the responsibilities of different positions within the Town in regards to reporting and investigating these claims. It should also discuss the actions that will be taken to investigate the claim and the protection that will be afforded to the person making the claim against retaliation from the accused.

We recommend that the Town implement a fraud policy.

Fraud Risk Assessment

The Town has not performed a fraud risk assessment. A fraud risk assessment is important because it identifies the Town's vulnerabilities to fraudulent activities and whether those vulnerabilities could result in material misstatement of the financial statements. The fraud risk assessment would also identify processes, controls, and other procedures used to mitigate the identified fraud risks.

We recommend that the Town perform a fraud risk assessment to reduce the possibility of fraudulent activities.

Investment and Banking Policy

The Town does not have a formal investment and banking policy. This policy is extremely important in establishing and maintaining cash management in accordance with Selectboard directives. This policy should include general guidance for the Treasurer in the areas of bank selection, types of investments and policies for minimizing the risk of losses.

We recommend that the Selectboard and the Treasurer work together to establish guidelines for the Treasurer in the areas of cash management and investing.

Cash Receipts Module/Cash Register

The Town does not utilize the cash receipts module to record cash receipts and provide customers with computer generated printed receipts. Currently, when money is collected, the Town uses a manual log to summarize the collections, provides handwritten receipts from prenumbered carbon copy receipt books, records the revenue in the accounting software after the fact and reconciles the cash receipts to the receipt books. The Town also does not use a cash register.

We recommend the Town consider using the cash receipts module or cash register to automate the recording of cash receipts.

Budgeting for Revenue

Currently, the Town does not budget for many of their revenue sources such as interest on delinquent taxes, recording fees and recurring grant income. A budget is used mainly as a planning tool to compare revenue and expenditures to amounts estimated.

TOWN OF BOLTON, VERMONT
SCHEDULE OF RECOMMENDATIONS
JUNE 30, 2020

We recommend that the Town include all estimated revenue as part of their budgeting process in the future.

Weekly Payroll

The Town currently pays all of their employees weekly. The Town could save time and money if they switched to a bi-weekly or semi-monthly method of paying employees.

We recommend the Town consider switching to a different frequency of paying employees to save time and money. The Town may need to consider allowing advances to employees in order to prevent cash flow difficulties during the transition.

Volunteer Stipend Payments

The Town currently pays volunteer stipends for work performed and for training time as vendors. It is our understanding that these payments should be paid as payroll.

We recommend that the Town verify that they must pay volunteer stipends through payroll.

Town Credit Card

The Town currently reimburses several employees for Town expenses that were paid using their personal credit cards. The Town also reimburses a separate non-profit for expenses paid using their credit card for purchases related to the Fire Department.

We recommend that the Town open a credit card account to pay expenses directly instead of reimbursing the employees and the separate non-profit.

Holding Checks

A check was dated in June, recorded in June, but not released until July. Checks should be recorded in the period released.

We recommend that the Town only write checks that are ready to be released to ensure they are recorded in the proper period.

Postdating Checks

Checks were written in June and dated July 1 for payments that were due on the first day of the following fiscal year. A check for a debt payment was dated in July but cleared in June. The Town released the checks in June prior to the date on the checks. The Town is on the cash basis of accounting which reports cash that has been received and disbursements made. A disbursement is considered made when the check has been released.

We recommend that the Town not postdate or release checks until the date on the check.