

**TOWN OF SHARON**  
**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2018**



**SINNAMON & ASSOCIATES, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

TOWN OF SHARON  
TABLE OF CONTENTS  
JUNE 30, 2018

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-9
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	10
Statement of Activities	11
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	16
Statement of Net Position – Proprietary Fund	17
Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	21
Notes to Basic Financial Statements	22-48
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the Town's Proportionate Share of the Net Pension Liability	49
Schedule of the Town's Proportionate Share of the Net OPEB Liability	50
<b>SUPPLEMENTAL AND COMBINING INDIVIDUAL FUND NONMAJOR FUND STATEMENTS AND SCHEDULES</b>	
<b>General Fund:</b>	
Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis	51
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Budgetary Basis	52-53
Schedule of Expenditures - Budget and Actual - Budgetary Basis - Board of Education	54-56

TOWN OF SHARON  
TABLE OF CONTENTS  
JUNE 30, 2018

**Nonmajor Governmental Funds:**

Combining Balance Sheet	57-58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	59-60

**Fiduciary Funds:**

Combining Statement of Fiduciary Net Position	61
Combining Statement of Changes in Assets and Liabilities	62

**Other Schedules:**

Schedule of Debt Limitation	63
Schedule of Property Taxes Levied, Collected and Outstanding	64
Schedule of Debt	65

**STATE SINGLE AUDIT REPORTS**

**State Internal Control and Compliance Reports**

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 <i>Government Auditing Standards</i>	66-67
Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance in Accordance with the State Single Audit Act	68-69
Schedule of Expenditures of State Financial Assistance	70
Notes to Schedule of Expenditures of State Financial Assistance	71
Schedule of State Findings and Questioned Costs	72

## **INDEPENDENT AUDITOR'S REPORT**



Independent Auditor's Report

To the Board of Finance of the  
Town of Sharon, CT  
Sharon, Connecticut

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, CT as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Sharon CT'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, CT as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 14 to the financial statements, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB), effective July 1, 2017. Our opinion is not modified with respect to this matter.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the required supplementary information on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sharon CT's basic financial statements. The general fund budgetary comparison detail and combining and individual nonmajor fund financial statements, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the Connecticut State Single Audit Act and is not a required part of the basic financial statements.

The general fund budgetary comparison detail, combining and individual nonmajor fund financial statements, and other schedules and the Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Town of Sharon CT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Sharon CT's internal control over financial reporting and compliance.



Sinnamon & Associates, LLC  
Certified Public Accountants

December 28, 2018  
Canaan Connecticut

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

The Management Discussion and Analysis (MD&A) offers the readers of the Town of Sharon (the "Town") financial statements a narrative overview and analysis of the financial activities of the Town for the fiscal year ending June 30, 2018. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section. Wherever possible, reference to the financial statements is provided.

**FINANCIAL HIGHLIGHTS**

On a government-wide basis the Town's assets of \$23,398,387 exceeded its liabilities at June 30, 2018, resulting in a total net position of \$16,997,928. Unrestricted net position was \$6,821,909 and was available to meet ongoing government obligations. Of that amount \$6,629,368 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance is \$5,409,429, an increase of \$1,202,293 for the year. The General Fund operating surplus for the year was \$545,743 vs. a budgeted decrease of \$15,000. The General Fund balance was \$23,076,664, of which \$594,674 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$2,481,990 or 22 % of total General Fund expenditures and transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information and statistical tables.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).



**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, public works, and recreation.

The government-wide financial statements can be found on pages 10 -11 of this report.

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, that is the Town's most basic services. Unlike the government-wide financial statements, however, the funds focus on (1) cash and other financial resources that can be readily converted to cash flow in and out and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a near or short-term view of the Town's finances that may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital reserve fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12 - 16 of this report.

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Proprietary Funds –**

The proprietary fund is the Sewer and Water Commission

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The funds are combined into single, aggregated presentation in the proprietary fund financial statements.

The basic Proprietary fund statements can be found on pages 17 - 19 of this report.

**Fiduciary Funds.**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

The basic fiduciary fund statements can be found on pages 20-21 of this report.

**Notes to the Financial Statements.**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and financial fund statements. The notes to the financial statements can be found on pages 22 - 48 of this report.

**Other Information.**

The required supplementary information for the Town's proportionate share of the Connecticut State Teachers Retirement Pension and OPEB liability can be found on pages 49-50 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51 – 65 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$16,997,928 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, machinery, and equipment). It is presented in the statement of net position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's net position increased by \$1,116,231 during the current fiscal year.

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**NET POSITION - June 30, 2018 and June 30, 2017**

	June 30, 2018 Net Position			June 30, 2017 Net Position		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>						
Current and Other Assets	\$ 16,745,338	\$ 402,316	\$ 17,147,654	\$ 5,058,727	\$ 280,434	\$ 5,339,161
Capital Assets	1,134,638	4,695,191	5,829,829	12,021,437	4,912,169	16,933,606
Non Current Assets	420,904	-	420,904	420,998	-	420,998
<b>TOTAL ASSETS</b>	<b>18,300,880</b>	<b>5,097,507</b>	<b>23,398,387</b>	<b>17,501,162</b>	<b>5,192,603</b>	<b>22,693,765</b>
<b>LIABILITIES</b>						
Current Liabilities	1,068,749	103,757	1,172,506	997,532	100,968	1,098,500
Non Current Liabilities	4,830,345	379,678	5,210,023	5,230,133	483,435	5,713,568
<b>TOTAL LIABILITIES</b>	<b>5,899,094</b>	<b>483,435</b>	<b>6,382,529</b>	<b>6,227,665</b>	<b>584,403</b>	<b>6,812,068</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	5,754,488	4,821,531	10,576,019	5,793,300	4,327,766	10,121,066
Restricted for Capital Improvements	-	140,000	140,000	-	140,000	140,000
Unrestricted	6,629,368	192,541	6,821,909	5,480,197	140,434	5,620,631
<b>TOTAL NET POSITION</b>	<b>\$ 12,383,856</b>	<b>\$ 5,154,072</b>	<b>\$ 17,537,928</b>	<b>\$ 11,273,497</b>	<b>\$ 4,608,200</b>	<b>\$ 15,881,697</b>

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**CHANGES IN NET POSITION - June 30, 2018 and June 30, 2017**

	June 30, 2018			June 30, 2017		
	Changes in Net Position			Changes in Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 362,049	\$ 517,814	\$ 879,863	\$ 404,309	\$ 539,300	\$ 943,609
Operating grants and contributions	1,257,456	-	1,257,456	1,204,398	-	1,204,398
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	11,070,013	-	11,070,013	10,719,125	-	10,719,125
Grants and contributions, unrestricted	66,387	-	66,387	65,938	-	65,938
Other Revenues	74,498	9,174	83,672	49,604	18,067	67,671
<b>Total Revenues</b>	<b>12,830,403</b>	<b>526,988</b>	<b>13,357,391</b>	<b>12,443,374</b>	<b>557,367</b>	<b>13,000,741</b>
<b>Expenses</b>						
General Government	\$ 1,363,999	\$ -	1,363,999	\$ 1,280,428	\$ -	1,280,428
Public Safety	323,160	-	323,160	314,794	-	314,794
Public Works	1,871,618	-	1,871,618	1,964,657	-	1,964,657
Health Department	74,826	-	74,826	74,126	-	74,126
Parks and Recreation	213,479	-	213,479	215,628	-	215,628
Miscellaneous	278,020	-	278,020	228,008	-	228,008
Board of Education	7,501,240	-	7,501,240	7,572,380	-	7,572,380
Sewer and Water Commission	-	504,508	504,508	-	517,553	517,553
Interest on Long Term Debt	93,702	16,608	110,310	323,629	20,149	343,778
<b>Total Expenses</b>	<b>11,720,044</b>	<b>521,116</b>	<b>12,241,160</b>	<b>11,973,650</b>	<b>537,702</b>	<b>12,511,352</b>
<b>Change in Net Position</b>	<b>1,110,359</b>	<b>5,872</b>	<b>1,116,231</b>	<b>469,724</b>	<b>19,665</b>	<b>489,389</b>
<b>Net Position, beginning</b>	<b>11,273,497</b>	<b>4,608,200</b>	<b>15,881,697</b>	<b>10,803,773</b>	<b>4,588,535</b>	<b>15,392,308</b>
<b>Net Position, ending</b>	<b>\$ 12,383,856</b>	<b>\$ 4,614,072</b>	<b>\$ 16,997,928</b>	<b>\$ 11,273,497</b>	<b>\$ 4,608,200</b>	<b>\$ 15,881,697</b>

**Governmental Activities.**

Approximately 86% of the revenues were derived from property taxes, followed by 9.8% from operating and capital grants, 2.8% from service charges, and 1.4% from grants and investment earnings. Detailed revenue information can be found on page 51.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 64% of the Town's expenses relate to education, 16% relate to public works, 11.6% for general government and 8.47% for all other activities.

**FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Governmental Funds.**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources for spending at the end of a fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$3,076,664. Of this total fund balance, \$594,674 is assigned and committed. The remaining balance of \$2,481,990 is unassigned.

The fund balance of the Town's General Fund increased by \$545,743 during the current fiscal year, compared to an expected decrease of \$15,000.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, revenues were more than budgetary estimates and expenditures were less than budgetary estimates.

A detailed schedule of revenues and expenditures, budget and actual, can be found on 46 - 51 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The town's investment in capital assets (net of accumulated depreciation) for its governmental and as of June 30, 2018 amounted to \$11,620,469. This investment in capital assets included land, buildings and system improvements, machinery and equipment and vehicles.

**CAPITAL ASSETS, Net of Depreciation**  
**June 30, 2018 and June 30, 2017**

	<u>Governmental Activities</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 274,081	\$ 274,081
Buildings and improvements	4,196,068	4,302,144
Machinery and equipment	869,659	1,016,895
Infrastructure	6,280,661	6,428,317
Total	\$ 11,620,469	\$ 12,021,437

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Long-Term Debt**

At the end of the current fiscal year, the Town had total outstanding debt of \$5,591,900 related to governmental activities and \$483,435 related to business-type activities. All of the debt is backed by the full faith and credit of the Town.

The Town's total debt had a net decrease of \$463,124 during the current fiscal year reflecting the new borrowings of \$362,000 for equipment purchases which were completed during the fiscal year 2018/19, net of the principal amount repaid against the general obligation bonds and outstanding notes payable and the refinancing of bonds as described in Note 10 and detailed on page 65.

The Water and Sewer Commission total debt had a net decrease of \$100,968 during the current fiscal year reflecting the principal amount repaid against the outstanding notes payable.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$78,010,170 which is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 10 on pages 36-39 and the detail schedule on page 65 of this report.

**ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES**

In August 2016, the Town issued \$5,375,000 of general obligation refunding bonds with an interest rate of 1.59%. The bonds were issued to fully refinance August 2011 general obligation bonds. The Town refunded the above bonds to reduce total debt service payments over the next ten years by \$128,155 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt of \$115,923)

The management of the Town of Sharon considered the following in preparation of the 2018/2019 budget:

- The State of Connecticut's budget and projected cuts to municipalities
- Projected Town needs as estimated in the 5 year capital improvement plan
- Education budgets (Region 1 & Sharon Center School)
- The budget impact of adding an eighth member to the Town road crew
- The debt service schedule of payments

All of the above factors were considered in preparing the Town's budget for the 2018-2019 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the First Selectman's office, Town of Sharon, PO Box 385, 63 Main Street, Sharon, Connecticut 06063.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF SHARON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 5,257,802	\$ 199,488	\$ 5,457,290
Investments	417,891	-	417,891
Inventory	1,039	-	1,039
Receivables:			
Property Taxes	573,783	-	573,783
Accounts Receivable	2,370	133,053	135,423
Accrued interest and fees on property tax	420,904	-	420,904
Due From Other Governments	6,622	-	6,622
Capital Assets, not being depreciated	274,081	69,775	343,856
Capital Assets, net of accumulated depreciation	11,346,388	4,695,191	16,041,579
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 18,300,880</u></b>	<b><u>\$ 5,097,507</u></b>	<b><u>\$ 23,398,387</u></b>
<b><u>LIABILITIES</u></b>			
Accounts and Other Payables	\$ 187,866	\$ -	\$ 187,866
Security Deposit	1,000	-	1,000
Due to State	103,655	-	103,655
Accrued Compensated Absences, due within one year	14,673	-	14,673
Noncurrent Liabilities Bonds & Notes Payable:			
Due within one year	761,555	103,757	865,312
Due in more than one year	4,830,345	379,678	5,210,023
<b><u>TOTAL LIABILITIES</u></b>	<b><u>5,899,094</u></b>	<b><u>483,435</u></b>	<b><u>6,382,529</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Advance Tax Collections	17,930	-	17,930
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	5,754,488	4,281,531	10,036,019
Restricted Net Position	-	140,000	140,000
Unrestricted	6,629,368	192,541	6,821,909
<b><u>TOTAL NET POSITION</u></b>	<b><u>12,383,856</u></b>	<b><u>4,614,072</u></b>	<b><u>16,997,928</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u></b>	<b><u>\$ 18,300,880</u></b>	<b><u>\$ 5,097,507</u></b>	<b><u>\$ 23,398,387</u></b>



**TOWN OF SHARON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ (1,363,999)	\$ 156,161	\$ 4,000	\$ -	\$ (1,203,838)	\$ -	\$ (1,203,838)
Public Safety	(323,160)	-	-	-	(323,160)	-	(323,160)
Public Works	(1,871,618)	117,813	358,875	-	(1,394,930)	-	(1,394,930)
Health Welfare	(74,826)	4,776	-	-	(70,050)	-	(70,050)
Parks and Recreation	(213,479)	10,078	-	-	(203,401)	-	(203,401)
Miscellaneous	(278,020)	49,483	65,432	-	(163,105)	-	(163,105)
Interest on Long Term Debt	(93,702)	-	-	-	(93,702)	-	(93,702)
Board of Education	(7,501,240)	23,738	829,149	-	(6,648,353)	-	(6,648,353)
<b>Total Governmental Activities</b>	<b>(11,720,044)</b>	<b>362,049</b>	<b>1,257,456</b>	<b>-</b>	<b>(10,100,539)</b>	<b>-</b>	<b>(10,100,539)</b>
<b>Business Type Activities</b>							
Sewer and Water Commission	(521,116)	517,814	-	-	-	(3,302)	(3,302)
<b>Total Primary Government</b>	<b>\$ (12,241,160)</b>	<b>\$ 879,863</b>	<b>\$ 1,257,456</b>	<b>\$ -</b>	<b>(10,100,539)</b>	<b>(3,302)</b>	<b>(10,103,841)</b>
<b>General Revenues:</b>							
Property taxes					11,070,013	-	11,070,013
Grants and contributions not restricted to specific programs					66,387	-	66,387
Unrestricted investment earnings					74,498	9,174	83,672
<b>Total General Revenues</b>					<b>11,210,898</b>	<b>9,174</b>	<b>11,220,072</b>
<b>Change in net position</b>				-	<b>1,110,359</b>	<b>5,872</b>	<b>1,116,231</b>
<b>Net position beginning of year</b>					<b>11,273,497</b>	<b>4,608,200</b>	<b>15,881,697</b>
<b>Net position end of year</b>					<b>\$ 12,383,856</b>	<b>\$ 4,614,072</b>	<b>\$ 16,997,928</b>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital and Non-Recurring Fund	Non Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,410,627	\$ 1,226,325	\$ 620,850	\$ 5,257,802
Investments	-	-	417,891	417,891
Inventory	-	-	1,039	1,039
Receivables:				
Property Taxes	573,783	-	-	573,783
Accounts Receivable	2,370	-	-	2,370
Due From Other Funds	-	77,902	-	77,902
Due From Other Governments	-	-	6,622	6,622
<u>TOTAL ASSETS</u>	<u>3,986,780</u>	<u>1,304,227</u>	<u>1,046,402</u>	<u>6,337,409</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 3,986,780</u>	<u>\$ 1,304,227</u>	<u>\$ 1,046,402</u>	<u>\$ 6,337,409</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts and Other Payables	\$ 170,002	\$ -	\$ 17,864	\$ 187,866
Due to Other Funds	77,902	-	-	77,902
Security Deposit	1,000	-	-	1,000
Performance Bonds	103,655	-	-	103,655
<u>TOTAL LIABILITIES</u>	<u>352,559</u>	<u>-</u>	<u>17,864</u>	<u>370,423</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Advance Tax Collections	17,930	-	-	17,930
Unavailable Revenue - property taxes	539,627	-	-	539,627
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>557,557</u>	<u>-</u>	<u>-</u>	<u>557,557</u>
<u>FUND BALANCES</u>				
Nonspendable	-	-	1,039	1,039
Restricted	-	-	479,706	479,706
Committed	569,617	1,304,227	547,793	2,421,637
Assigned	25,057	-	-	25,057
Unassigned	2,481,990	-	-	2,481,990
<u>TOTAL FUND BALANCES</u>	<u>3,076,664</u>	<u>1,304,227</u>	<u>1,028,538</u>	<u>5,409,429</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 3,986,780</u>	<u>\$ 1,304,227</u>	<u>\$ 1,046,402</u>	<u>\$ 6,337,409</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SHARON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Total fund balances for governmental funds</u>	\$ 5,409,429
Total net position reported for governmental activities in the statement of net assets is different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	11,620,469
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Property tax and receivables greater than 60 days	539,627
Interest receivable on property taxes	420,904
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued Compensated Absences, due within one year	(14,673)
General Obligation Bonds & Notes Payable	<u>(5,591,900)</u>
<u>Net position of governmental activities</u>	<u>\$ 12,383,856</u>

The accompanying notes are an integral part of these financial statements

# TOWN OF SHARON

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 11,133,126	\$ -	\$ -	\$ 11,133,126
Intergovernmental	824,090	-	424,331	1,248,421
Investment Income	40,481	6,401	27,616	74,498
Licenses Fees and Charges	-	-	-	-
Other Revenue	334,361	-	65,432	399,793
Contributions	-	-	-	-
Sales	-	3,950	23,738	27,688
<u>Total Revenues</u>	<u>12,332,058</u>	<u>10,351</u>	<u>541,117</u>	<u>12,883,526</u>
<u>Expenditures:</u>				
Current:				
General Government	1,306,280	-	-	1,306,280
Public Safety	312,610	-	10,560	323,170
Public Works	1,396,853	-	170,676	1,567,529
Health Department	74,826	-	-	74,826
Parks and Recreation	213,479	-	-	213,479
Miscellaneous	208,317	-	69,703	278,020
Debt Service	665,708	152,150	-	817,858
Education	7,288,512	-	104,250	7,392,762
Capital Outlay	-	29,829	39,480	69,309
<u>Total Expenditures</u>	<u>11,466,585</u>	<u>181,979</u>	<u>394,669</u>	<u>12,043,233</u>
Excess (deficiency) of Revenues Over Expenditures	865,473	(171,628)	146,448	840,293
<u>Other Financing Sources (Uses):</u>				
Proceeds From Borrowing	-	362,000	-	362,000
Transfers In	8,470	225,876	103,800	338,146
Transfers Out	(328,200)	-	(9,946)	(338,146)
<u>Total Other Financing sources (Uses):</u>	<u>(319,730)</u>	<u>587,876</u>	<u>93,854</u>	<u>362,000</u>
Net Change in Fund Balances	545,743	416,248	240,302	1,202,293
Fund Balances Beginning of Year	2,530,921	887,989	788,236	4,207,146
<u>Fund Balances End of Year</u>	<u>\$ 3,076,664</u>	<u>\$ 1,304,237</u>	<u>\$ 1,028,538</u>	<u>\$ 5,409,439</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Net change in fund balances for governmental funds</u>			\$ 1,202,293
Total change in net position reported for governmental activities in the statement of activities is different because of the following:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation differed from capital outlays in the current period is as follows:			
Expenditures for capital assets		69,309	
Depreciation expense		<u>(470,277)</u>	
Net adjustment		<u>(400,968)</u>	(400,968)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			(67,795)
Proceeds from Long-Term Financing are reported as an other financing source in governmental funds, but the proceeds increase long-term liabilities in the statement of net assets			(362,000)
Change in Accrued Compensated Absences reported in statement of activates but not in fund statements			14,673
Principal Payments on Long-Term Financing are reported as an other financing uses in governmental funds, but the payments decrease long-term liabilities in the statement of net assets			724,156
			<hr/>
<u>Change in net position of governmental activities</u>			<u>\$ 1,110,359</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SHARON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
<b>Revenues:</b>				
Property Taxes	\$10,829,089	\$10,829,089	\$11,133,126	\$ 304,037
Intergovernmental	68,917	68,917	63,222	(5,695)
Other Revenues	245,450	245,450	342,831	97,381
Interest Investments	6,000	6,000	40,481	34,481
<b>Total Revenues</b>	<b>11,149,456</b>	<b>11,149,456</b>	<b>11,579,660</b>	<b>430,204</b>
<b>Expenditures:</b>				
General Government	1,389,350	1,384,444	1,318,780	65,664
Public Safety	323,736	324,901	320,410	4,491
Public Works	1,523,794	1,523,794	1,471,853	51,941
Health Department	81,156	81,156	74,826	6,330
Parks and Recreation	241,528	245,884	223,479	22,405
Miscellaneous	199,462	213,847	211,289	2,558
Debt Service	700,812	700,812	700,708	104
Education	6,689,618	6,689,618	6,675,478	14,140
<b>Total Expenditures</b>	<b>11,149,456</b>	<b>11,164,456</b>	<b>10,996,823</b>	<b>167,633</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(15,000)</b>	<b>582,837</b>	<b>597,837</b>
<b>Other Financing Sources (Uses):</b>				
Change in Encumbrances	-	-	(37,094)	(37,094)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(37,094)</b>	<b>(37,094)</b>
<b>Net Change In Fund Balance</b>	<b>\$ -</b>	<b>\$ (15,000)</b>	<b>545,743</b>	<b>\$ 560,743</b>
<b>Fund Balance - Beginning Of Year</b>			<b>2,530,921</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 3,076,664</b>	

The accompanying notes are an integral part of these financial statements

**TOWN OF SHARON**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 199,488
Accounts Receivable, Net of Allowance	133,053
Capital Assets, Net of Accumulated Depreciation	
Land	69,775
Utility Plant, Net of Depreciation	<u>4,695,191</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 5,097,507</u></b>
<b><u>LIABILITIES</u></b>	
Accounts and Other Payables	\$ -
Noncurrent Liabilities Bonds Payable:	
Due within one year	103,757
Due in more than one year	<u>379,678</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>483,435</u></b>
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	4,281,531
Restricted for Capital Improvements	140,000
Unrestricted	<u>192,541</u>
<b><u>TOTAL NET POSITION</u></b>	<b><u>4,614,072</u></b>
<b><u>TOTAL LIABILITIES AND NET POSITION</u></b>	<b><u>\$ 5,097,507</u></b>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Business Type Activities Enterprise Fund Sewer and Water Commission
<u>Operating Revenue</u>	
Water Sales	\$ 358,557
Sewer Services	159,257
<u>Total Operating Revenues</u>	<u>517,814</u>
<u>Operating Expenses</u>	
Operations Services	182,909
Chemicals	5,961
Depreciation	193,371
Electric	17,174
Repairs and Maintenance	33,808
Supplies	5,592
Telephone	2,566
Fuel	12,087
Other Costs	749
Professional Services	4,100
Wages and Payroll Taxes	17,119
Insurance	15,102
Lab Fees	11,298
Meters	2,472
<u>Total Expenditures</u>	<u>504,308</u>
<u>Operating Income (Loss)</u>	<u>13,506</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	1,119
Finance Charge Revenue	8,055
Interest Expense	(16,808)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(7,634)</u>
<u>Change In Net Position</u>	5,872
<u>Net Position, Beginning</u>	<u>4,608,200</u>
<u>Net Position, Ending</u>	<u>\$ 4,614,072</u>

The accompanying notes are an integral part of these financial statements



TOWN OF SHARON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 504,617
Cash Payments to Suppliers	(289,718)
Cash Payments to Employees and Professional	(21,219)
<u>Net Cash Provided by Operating Activities</u>	<u>193,680</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(100,968)
Capital Additions	(46,168)
Interest Paid	(16,808)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>(163,944)</u>
<u>Cash Flows From Investing Activities</u>	
Receipts of Interest	1,119
<u>Net Cash Provided by Investing Activities</u>	<u>1,119</u>
<u>Net Increase in Cash</u>	30,855
<u>Cash, Beginning of Year</u>	<u>168,633</u>
<u>Cash, End of Year</u>	<u>199,488</u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	13,506
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	193,371
Receipt of Other Revenue	8,055
(Increase) Decrease in Accounts Receivable	(21,252)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 193,680</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension Trust Funds</u>	<u>Agency Funds Student Activity Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 22,536
Investments	<u>1,306,925</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,306,925</u>	<u>\$ 22,536</u>
<u>LIABILITIES</u>		
Due to beneficiaries	\$ -	\$ 22,536
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>22,536</u>
<u>NET ASSETS</u>		
Net assets held in trust for pension benefits	<u>1,306,925</u>	<u>-</u>
<u>TOTAL NET ASSETS</u>	<u>1,306,925</u>	<u>-</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,306,925</u>	<u>\$ 22,536</u>

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TOWN OF SHARON  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension Trust Fund</u>
<u>ADDITIONS</u>	
Contributions Employer	\$ 92,156
<u>Total Contributions</u>	<u>92,156</u>
<u>Investment Income</u>	
Dividend and Interest Earnings and gains/(losses)	45,916
<u>Total Investment Income</u>	<u>45,916</u>
<u>TOTAL ADDITIONS</u>	<u>138,072</u>
<u>DEDUCTIONS</u>	
Benefits	76,605
Administrative Expense	50
<u>TOTAL DEDUCTIONS</u>	<u>76,655</u>
<u>CHANGE IN NET POSITION</u>	<u>61,417</u>
<u>NET POSITION BEGINNING OF YEAR</u>	<u>1,245,508</u>
<u>NET POSITION END OF YEAR</u>	<u>\$ 1,306,925</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Financial Reporting Entity**

The Town of Sharon, Connecticut (the "Town") is a municipal corporation governed by a Board of Selectman, Town Meeting, Board of Finance form of government and provides the following services as authorized by State Statute: public safety, public works, health, welfare, parks, recreation, and elementary and secondary education. Under this form of Government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes, and borrow money. The executive branch is led by an elected three-member Board of Selectman. The Selectman oversee most of the activities not assigned specifically to another Body. An elected Board of Education oversees the public school system.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by Connecticut General Statutes.

The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The following related organizations, to which the Town appropriates funds annually, do not meet the above criteria and are not included in the reporting entity:

Regional School District #1 - This potential component unit has a separate elected board and provides educational services to residents of several local Towns which make up the region. It is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations or approve budgets.

**B. Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Town at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

*General Fund*- the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and interest income.

*Capital Reserve Fund* - accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Proprietary Funds

*Sewer and Water Commission Enterprise Fund* -is used to account for the operations for the Sewer and Water Commission, which oversees the water and sewer services

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Fund* - is used to account for the activities of the Town's pension plan which accumulates resources for pension benefit payments to qualified employees.

*Agency Funds* account for monies held by the Town as a custodian for outside groups and agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3)

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision for doubtful accounts, and depreciations on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**D. Cash Equivalents**

The Town classifies all highly liquid investments having original maturities of three months or less as cash equivalents.

**E. Interfund Transactions**

The following is a description of the three basic types of interfund transactions and the related accounting policies:

Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in and out.

Transactions to record equity contributions between funds are recorded in a manner such that the receiving fund records a transfer in as an addition to fund balance. The disbursing fund records the transaction as a transfer out and a reduction of fund balance.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**F. Investments**

The Town's policy is to present all investments at fair market value.

**G. Inventory**

Purchased inventory is presented at cost (first-in, first-out). USDA donated commodities are presented at market value. inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**H. Property Taxes**

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property located in the Town. Assessed values are established by the Town Assessment Board at 70 percent of estimated market value. A revaluation of all property is required to be completed no less than every five years.

Property taxes are assessed on property as of October 1. Real estate and personal property taxes are due and payable in four installments if over \$100 on July 1, October 1, January 1 and April 1, although a 30-day grace period is provided. Motor vehicle taxes are due and payable July 1, and motor vehicle supplemental taxes are due and payable January 1. Current tax collections for the year ended June 30, 2018 were 98.9% of the adjusted tax levy.

Uncollected property taxes are recorded as receivables. An allowance based on historical collection experience is provided for uncollectible taxes. Outstanding real estate tax accounts are lienied each year prior to June 30, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment and infrastructure assets of the Town are depreciated using the straight-line method over the following estimated useful lives:



**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

<b><u>Assets</u></b>	<b><u>Years</u></b>
Buildings	40 - 50
Building improvements	20
Machinery and equipment	5 - 20
Infrastructure	30 - 50
Vehicles	5 - 10

**J. Compensated Absences**

Employees are paid under a prescribed formula for absences due to sickness or vacation. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources.

**K. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

**L. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are reported as a reservation of fund balance and do not constitute expenditures or liabilities.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

refunding in the government-wide statement of net position. The Town had no financial statement elements meeting the criteria to be reported as deferred outflows of resources.

In addition to liabilities, the statement of net 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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**N. Fund Equity and Net Position**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets - this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the Town, which is not restricted for any project or other purpose.

The Town follows the provisions of Governmental Accounting Standards Board Statement #54 (GASB 54), which defines the different types of fund balances that the Town must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for financial reporting purposes.

Nonspendable Fund Balance – includes amounts that are not in spendable form or amounts that must be maintained intact legally or contractually. The criteria includes items that are not expected to be converted to cash such as inventories, prepaid amounts and long term receivables.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers or through enabling legislation.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Town's highest level of decision making authority. Commitments may be changed or lifted only by the same group taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – includes amounts intended to be used by the Town for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – includes the general fund balance amount that is not classified as nonspendable, restricted, committed or assigned.

The Town's policy is to apply expenditures against the applicable fund balances in the order of restricted, committed, assigned, and unassigned.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

A budget for the general fund is authorized annually by the Board of Finance. The procedures for establishing the budgetary data reflected in the general-purpose financial statements are as follows:

- The proposed operating budget for the fiscal year is compiled by the Board of Finance for submission at public hearings. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted at the annual Town budget meeting by vote of the general public.
- Upon the request of the Board of Selectmen, the Board of Finance may, by resolution, transfer any unencumbered appropriation, balance or portion thereof, from one department, commission, board or office, to another.
- The budget is prepared on a modified accrual basis under which encumbrances are recognized as expenditures.
- Budgeted amounts are shown as originally adopted or as amended at a Board of Finance meeting during the course of the fiscal year.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

Departments seeking additional appropriations or appropriation transfers between budgetary line items must make a written request to the Board of Finance through the Board of Selectmen. An additional appropriation to a budgetary line item requires approval at a Town meeting if it exceeds \$20,000 or is a second request by the asking board or department. An additional appropriation of \$20,000 or higher is voted by the citizens of the Town. Additional appropriations for the year ended June 30, 2018 amounted to 15,000,

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America. A reconciliation of general fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Total Budgetary Basis - Non GAAP	\$ 11,579,660	\$ 10,996,823
State on-behalf payments for Teachers Retirement and OPEB	760,868	760,868
Change in Encumbrances	-	37,094
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	(8,470)	(328,200)
Total GAAP Basis	<u>\$ 12,332,058</u>	<u>\$ 11,466,585</u>

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 3,410,627	\$ 3,633,469
Capital and Non-Recurring Fund	1,226,325	1,225,098
Nonmajor Governmental Funds	698,654	711,874
Sewer and Water Commission	199,488	210,528
Agency Funds	22,536	22,536
Total Deposits	5,557,630	5,803,505
Less Certificates of deposit classified as investments	(77,804)	(77,804)
Total Cash and Cash Equivalents	<u>\$ 5,479,826</u>	<u>\$ 5,725,701</u>

**Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$5,245,583 of the Town's bank balance of \$5,725,701 was exposed to custodial credit risk as follows:

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

Uninsured and uncollateralized	\$ 4,716,025
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name	579,558
	<u>\$ 5,245,583</u>

All of the Town's deposits were in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call reports, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

The level of the Town's deposits varied significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were substantially higher than at year-end.

**Investments**

At June 30, 2018, the Town had the following investments:

Non-categorized investments – pooled accounts\*:

Pension investments held by administrator	\$ 1,306,925
Equities held by Sharon Cemetery Fund	289,195
Fixed Income Funds held by Sharon Cemetery Fund	50,892
Total	<u>\$ 1,647,012</u>

\* Categorization is not applicable since the Town does not own identifiable securities, but invests as a shareholder of the investment pool.

All of the above investments have maturities categorized as less than 1 year.

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Government-wide statement of net position:

Investments	\$ 417,891
Less: certificates of deposit classified as investments	<u>(77,804)</u>
	340,087

Statement of fiduciary net position:

Pension Trust Funds	<u>1,306,925</u>
	<u>\$ 1,647,012</u>

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair losses arising from increasing interest rates.

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority, or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service, or in obligations of the State of Connecticut or any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund (STIF). The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The District's investments subject to credit risk had an average rating by Standard & Poor's as follows:

Sharon Cemetery Investments

AAA

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The town's investments consist primarily of investments in pooled fixed income accounts and equity securities, and are therefore not exposed to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

**Concentrations of Credit Risk**

The Town does not have a policy that limits the amounts invested in any one issuer.

**Fair Value Measurements**

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The town's investments are measured on a recurring basis using level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2018.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2018 for individual major funds and all other funds in the aggregate, including the applicable allowance for collection losses, are as follows:

	<u>General Fund</u>	<u>Non-Major and Other Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Property Taxes	\$ 573,783	\$ -	\$ -	\$ 573,783
Interest due on taxes	420,904	-	-	420,904
Grants Receivable	-	6,622		6,622
Accounts Receivable	-	2,370	145,453	147,823
Total Gross Receivables	<u>994,687</u>	<u>8,992</u>	<u>145,453</u>	<u>1,149,132</u>
Allowance for Collection Losses	-	-	12,400	12,400
Total Net Receivables	<u>\$ 994,687</u>	<u>\$ 8,992</u>	<u>\$ 133,053</u>	<u>\$ 1,136,732</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 77,902
Capital Non-Recurring Fund	<u>77,902</u>	<u>-</u>
Total	<u>\$ 77,902</u>	<u>\$ 77,902</u>

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,470	\$ 328,200
Capital Non-Recurring Fund	225,876	-
School Cafeteria Fund	25,000	-
Sharon Cemetery Fund	-	8,470
Town Clerk Preservation Fund	1,000	1,476
Amenia Landfill Fund	35,000	
Tree Committee	15,000	-
Dog Fund	7,800	-
Green Rehab Fund	10,000	-
Revaluation Fund	<u>10,000</u>	<u>-</u>
Total	<u>\$ 338,146</u>	<u>\$ 338,146</u>

**NOTE 6 -DEFICIT FUND BALANCES**

As of June 30, 2018, no funds had deficit fund balances.

**NOTE 7 - POST EMPLOYMENT AND HEALTHCARE BENEFITS**

The Town does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the act, and no direct costs are incurred by the Town.

**NOTE 8 - RISK MANAGEMENT**

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage.

**NOTE 9 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2018 was as follows:



**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated	\$ -	\$ -	\$ -	\$ -
Land	274,081	-	-	274,081
Construction in Process	-	-	-	-
Total Capital Assets, not being depreciated	274,081	-	-	274,081
Capital Assets, being depreciated				
Building and Improvement	9,677,612	57,413	-	9,735,025
Machinery and Equipment	3,139,293	11,896	-	3,151,189
Infrastructure	7,382,824	-	-	7,382,824
Total Capital Assets being depreciated	20,199,729	69,309	-	20,269,038
Less Accumulated Depreciation for:				
Building and Improvement	5,375,468	163,489	-	5,538,957
Machinery and Equipment	2,122,398	159,132	-	2,281,530
Infrastructure	954,507	147,656	-	1,102,163
Total Accumulated Depreciation	8,452,373	470,277	-	8,922,650
Total Capital Assets, being depreciated net	11,747,356	(400,968)	-	11,346,388
Governmental Activities Capital Assets, Net	\$ 12,021,437	\$ (400,968)	\$ -	\$ 11,620,469
<b><u>Business Type Activities</u></b>				
Capital Assets, not being depreciated	\$ -	\$ -	\$ -	\$ -
Land	69,775	-	-	69,775
Total Capital Assets, not being depreciated	69,775	-	-	69,775
Capital Assets, being depreciated				
Building and Improvement	6,796,503	-	-	6,796,503
Machinery and Equipment	1,167,067	46,198	-	1,213,265
Total Capital Assets being depreciated	7,963,570	46,198	-	8,009,768
Less Accumulated Depreciation for:				
Building and Improvement	2,580,337	169,834	-	2,750,171
Machinery and Equipment	540,839	23,537	-	564,376
Total Accumulated Depreciation	3,121,176	193,371	-	3,314,547
Total Capital Assets, being depreciated net	4,842,394	(147,173)	-	4,695,221
Business Type Activities Capital Assets, Net	\$ 4,912,169	\$ (147,173)	\$ -	\$ 4,764,996

Depreciation expense was charged to functions/programs of the primary government as follows:

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Governmental Activities**

General Governemnt Services	\$ 57,719
Public Works, including depreciation of general infrastructure assets	304,089
Education	108,469
Total Depreciation Expense - Governmental Activities	<u>\$ 470,277</u>

**Business-Type Activities:**

Sewer and Water Commission	<u>\$ 193,371</u>
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**NOTE 10 - GENERAL LONG-TERM DEBT**

The following is a summary of changes in general obligation debt during the fiscal year.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Bonds and Debt Payable June 30, 2017	5,954,056	584,403	\$ - 6,538,459
Additions	362,000	-	362,000
Deductions	(724,156)	(100,968)	(825,124)
Bonds and Debt Payable June 30, 2018	<u>\$ 5,591,900</u>	<u>\$ 483,435</u>	<u>\$ - 6,075,335</u>

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Bonds and Debt Payable at June 30, 2018 are comprised of the following obligations:

Bonds payable dated 08/2016 to 08/2026 payable at various annual installments, including interest at 1.59%, final payment due 8/2026 - General Fund	\$ 4,790,000
Note payable dated 7/2016 to Caterpillar, payable \$54,014.77 per year, including interest at 2.75%, final payment due 7/2020 - General Fund	156,064
Note payable dated 1/2017 to Daimler, payable \$44,783.66 per year, including interest at 4.128%, final payment due 1/2022 - General Fund	162,071
Note payable dated 7/2015 to Salisbury Bank and Trust Company, payable \$40,038.46 per year, including interest at 2.65%, final payment due 07/2020 - General Fund	113,797
Note payable dated 6/2018 to Salisbury Bank and Trust Company, payable \$58,444.65 per year, including interest at 3.11%, final payment due 7/2025 - General Fund	362,000
Note payable dated 11/2015 to Salisbury Bank and Trust Company, payable \$1,360.31 per month, including interest at 2.51%, final payment due 12/2018 - General Fund	7,968
Note Payable dated 10/2010 to Salisbury Bank and Trust Company, payable \$930 a month, including interest at 4.25% final payment due 10/2040 - Enterprise Fund	157,648
Note payable dated 12/2000 to State of Connecticut Drinking Water Fund, payable \$1,110 a month, including interest at 2.60% final payment due 06/2020 - Enterprise Fund	25,928
Note payable dated 06/2001 to State of Connecticut Clean Water Fund, payable \$5,503 a month, including interest at 2.77%, final payment due 12/2020 - Enterprise Fund	159,316
Note payable dated 06/2004 to State of Connecticut Drinking Water Fund, payable \$2,275 a month, including interest at 2.40%, after first payment of \$27,166 in December 2004, final payment due 12/2023 - Enterprise Fund	140,543
Total Bonds and Notes Payable	<u>\$ 6,075,335</u>

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

The following is a summary of debt service requirements to maturity by year:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	865,312	104,362	969,674
2020	860,110	92,357	952,467
2021	805,722	75,645	881,367
2022	655,693	60,674	716,367
2023	610,143	48,054	658,197
2024	588,940	37,339	626,279
2025	571,577	27,133	598,710
2026	505,889	17,116	523,005
2027	501,148	8,947	510,095
2028	6,405	4,755	11,160
2029	6,700	4,460	11,160
2030	5,994	5,166	11,160
2031	7,302	3,858	11,160
2032	7,613	3,547	11,160
2033	7,957	3,203	11,160
2034	8,307	2,853	11,160
2035	8,672	2,488	11,160
2036	9,048	2,112	11,160
2037	9,451	1,709	11,160
2038	9,866	1,294	11,160
2039	10,300	860	11,160
2040	10,752	408	11,160
2041	2,434	129	2,563
	<u>\$ 6,075,335</u>	<u>\$ 508,469</u>	<u>\$ 6,583,804</u>

Of the above amounts, the Enterprise Fund is responsible for principal payments amounting to \$483,435 and interest payments amounting to \$106,519. The balance will be paid via General Fund appropriations.

**Refunding Bonds**

In August 2016, the Town issued \$5,375,000 of general obligation refunding bonds with an interest rate of 1.59%. The bonds were issued to fully refinance August 2011 general obligation bonds. The net proceeds of \$5,317,892 (after \$57,108 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement between the escrow Agent and the Town. The Town also deposited an additional \$30,000 to this fund for a total of \$5,347,892. The escrow Agent deposited such proceeds in a United States Treasury Money Market Fund. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the Town for payment of the refunding bonds. The Town

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

refunded the above bonds to reduce total debt service payments over the next ten years by \$128,155 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt of \$115,923)

Sharon is a member of Regional School District #1 which also provides education for grades one through twelve for the Towns of Canaan, Cornwall, Kent, North Canaan and Salisbury. As of June 30, 2018, the outstanding indebtedness of the District was \$6,694,000. The Town of Sharon's share will be approximately 17.75% of the outstanding indebtedness, or \$1,188,185. Such outstanding indebtedness represents general obligations of Regional School District #1 and its member towns. However, the Town is not required to record its share in its general-purpose financial statements.

The Town's indebtedness does not exceed the legal debt limitation as established by the Connecticut General Statutes as reflected in the following schedule:

	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$25,074,698	\$ 5,591,900	\$19,482,798
Schools	50,149,395	1,188,185	48,961,210
Sewers	41,791,163	483,435	41,307,728
Urban renewal	36,219,008	-	36,219,008

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, as adjusted, or \$78,010,170. Indebtedness pertaining to schools includes the Town's share of the outstanding indebtedness of Regional School District #1 of \$1,188,185.

**NOTE 11- PENSION PLANS**

**MONEY PURCHASE PENSION PLAN**

Substantially all town and non-certified Board of Education employees are eligible to participate in a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. To be eligible to participate in the plan, the employee must be at least twenty one years of age and complete one year of service. Employees who work less than one thousand hours per annum are not eligible to participate. The town contributes seven percent of base compensation. Plan assets are held in investment accounts through the plan administrator. Vesting is immediate.

The Plan is accounted for using the accrual basis of accounting. Employer contributions are recognized when due. Plan assets are reported at fair value. Securities traded on

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Plan investments consist of two insurance contracts with Great West Retirement Service.

Total contributions made to the plan for the year ended June 30, 2018 by the Town were \$92,156.

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

**Plan Description**

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

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years if service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan

Employees

Effective July 1, 1992, each teacher not covered by social security is required to contribute 6% of salary for the pension benefit. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wages base plus 5% of compensation, if any, in excess of such base.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportional share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>5,962,940</u>
Total	<u>\$ 5,962,940</u>

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. At June 30, 2018, the Town had no proportionate share of the net position liability.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2018, the Town recognized \$689,738 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary Increases	3.25 – 6.50% including inflation
Investment rate of return	8.00 %, net of pension plan investment Expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2010 – June 30, 2015.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table.



TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developd Non-U.S. Equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternate Investments	8.0%	4.1%
Cpre Fixed Income	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bond	3.0%	1.0%
Cash	6.0%	0.4%
<b>Total</b>	<b>100%</b>	

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$0, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Pension Liabilities and Deferred Inflows/Outflows of Resources

The State makes all contributions to the Plan on behalf of employees of the participating towns and districts, therefore the State is considered to be a non-employer contributing entity in the system. Since the Town does not contribute directly to the plan, there is no net pension liability or deferred inflows or deferred outflows to be reported in the financial statements of the Town.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Board of Education OPEB Plan**

**Description of the Plan**

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board, which includes the Retiree Health Insurance Plan (Connecticut State Teachers' OPEB). This Connecticut State Teachers' OPEB is a cost sharing multiple employer defined benefit OPEB plan with a special funding situation. As such, the Town does not have a liability related to participants in the Connecticut State Teachers' OPEB.

The Connecticut State Teachers' OPEB is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

The Connecticut State Teachers' OPEB is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate.

**Eligibility**

Teachers and Administrators (Certified) – A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

Normal Retirement for Teachers and Administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Not Certified – A retired employee shall be eligible to receive health benefits for self and spouse.

Benefit Provisions

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Connecticut State Teachers' OPEB. There are two types of the health care benefits offered. Subsidized Local School Town Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School Town Coverage.

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

Contributions

The Connecticut State Teachers' OPEB contributions made by the State are determined on an actuarial reserve basis.

Participants are required to contribute 1.25% of their annual salary rate to the Connecticut State Teachers' OPEB as required by CGS Section 10-183b (7). For the 2017/2018 school year, \$22,358 mandatory contributions were deducted from the salaries of teachers who were participants of the Connecticut State Teachers' OPEB during that school year. The covered payroll for the Town is \$1,788,628.

Employers are not required to contribute to the Connecticut State Teachers' OPEB. The Town does not contribute to the plan.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Reporting Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary Increases	3.25% to 6.50%
Inflation Rate	3.25%
Discount Rate	3.56% as of June 30, 2018 and 3.01% as of June 30, 2017, based on the 20 bond municipal index as of the measurement date
Healthcare Cost Trend Rates	7.25% for 2017 decreasing to 5.00% by 2022
Mortality Rates	Based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
US Treasuries (Total)	100%	2.75%

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The Town's proportionate share of the net OPEB liability is \$0, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

The State makes all contributions to the Connecticut State Teachers' OPEB on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 75 and the State is treated as a non-employer contributing entity in the Connecticut State Teachers' OPEB. Since the districts do not contribute directly to the Connecticut State Teachers' OPEB, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the State's net OPEB liability that was associated with the Town was \$1,534,781 and 100 percent of the collective net OPEB liability is allocated to the State. The Town's proportionate share of the OPEB liability is zero.

June 30, 2016, is the actuarial valuation date upon which the total OPEB liability is based. The total OPEB liability is determined as of June 30, 2017, using standard roll forward techniques.

The Town recognized the OPEB expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective OPEB expense associated with the Town. For the fiscal year ended June 30, 2018, the Town recognized \$71,130 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

**NOTE 13 – RESTRICTED NET POSITION**

As of June 30, 2018, the Board of Commissioners of the Water and Sewer Commission has restricted \$140,000 of Net Position for capital improvements.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14 – ADOPTION OF NEW ACCOUNTING STANDARD**

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (GASB Statement No. 75). This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The Town adopted GASB Statement No. 75 during the current fiscal year for the Connecticut State Teachers' OPEB plan. The adoption of this statement requires the Town to report revenue and expense to reflect the payments made by the State on behalf of the Town and requires significant additional footnote disclosures regarding OPEB.

**NOTE 15 - CONTINGENCIES**

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such allowances, if any, will not be material.

There are legal actions pending in which the Town is involved. The Town Officials are of the opinion that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Town.

**NOTE 16 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement Number 83 "Certain Asset Retirement Obligations"
- GASB Statement Number 84 "Fiduciary Activities"
- GASB Statement Number 86 "Certain Debt Extinguishment Issues"
- GASB Statement Number 87 "Leases"
- GASB Statement Number 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Payments"
- GASB Statement Number 89 "Accounting for Interest Cost Incurred before the End of a Construction Period"
- GASB Statements Number 90 "Majority Equity Interests – an amendment of GASB Statements No 14 and No 61"

## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF SHARON  
Connecticut State Teachers Retirement System  
Required Supplementary Information  
Schedule of the Town's Proportionate Share of the Net Pension Liability  
Last Four Fiscal Years

	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	5,962,940	6,290,948	4,635,777	4,284,847
Total	\$ 5,962,940	\$ 6,290,948	\$ 4,635,777	\$ 4,284,847
Town's covered-employee payroll	\$ 1,788,628	\$ 1,797,405	\$ 1,723,151	\$ 1,693,960
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the system for the five year period ended June 30, 2015
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50%, average, including inflation
Investment rate of return	8.00%, net of pension plan investment expense

Note: This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available



TOWN OF SHARON  
Connecticut State Teachers Retirement System  
Required Supplementary Information  
Schedule of the Town's Proportionate Share of the Net OPEB Liability

	<u>2018</u>
Town's proportion of the net OPEB liability	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the town	<u>1,534,781</u>
Total	<u>\$ 1,534,781</u>
Town's covered-employee payroll	<u>\$ 1,788,628</u>
Town's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.79%</u>

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the municipal bond index rate Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of plan participation based upon recent experience and current expectations
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll
Remaining amortization period	30 years open
Investment rate of return	8.00%, net of pension plan investment expense

Note: This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available

**SUPPLEMENTAL AND COMBINING AND INDIVIDUAL  
NONMAJOR FUND STATEMENTS AND SCHEDULES**

**TOWN OF SHARON**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Property Taxes</u>				
Property taxes, interest and lien fees	\$ 10,679,089	\$ 10,679,089	\$ 10,928,928	\$ 249,839
Back Taxes	150,000	150,000	204,198	54,198
<u>Total Property Taxes</u>	<u>10,829,089</u>	<u>10,829,089</u>	<u>11,133,126</u>	<u>304,037</u>
<u>Intergovernmental</u>				
Education (ECS)	9,960	9,960	6,825	(3,135)
School transportation	-	-	-	-
Pilot - State Property	100	100	1,172	1,072
Tax Relief- Elderly & Veterans	12,279	12,279	2,668	(9,611)
TeleCom Property Tax	18,000	18,000	14,673	(3,327)
Pequot/Mohegan Grant	9,111	9,111	9,111	-
Miscellaneous Grants	19,467	19,467	28,773	9,306
<u>Total Intergovernmental</u>	<u>68,917</u>	<u>68,917</u>	<u>63,222</u>	<u>(5,695)</u>
<u>Other Revenues</u>				
Town Clerk fees	70,000	70,000	124,401	54,401
Town Beach	8,000	8,000	10,078	2,078
Vital Statistics	25,000	25,000	31,760	6,760
Building Permits	100,000	100,000	110,705	10,705
Zoning permits/ZBA	2,000	2,000	3,158	1,158
Cemetery Fund	9,450	9,450	8,470	(980)
Miscellaneous	27,000	27,000	48,859	21,859
Sanitary Inspector	4,000	4,000	5,400	1,400
<u>Total Other Revenues</u>	<u>245,450</u>	<u>245,450</u>	<u>342,831</u>	<u>97,381</u>
<u>Interest - Investments</u>	<u>6,000</u>	<u>6,000</u>	<u>40,481</u>	<u>34,481</u>
<u>Total Revenues</u>	<u>\$ 11,149,456</u>	<u>\$ 11,149,456</u>	<u>\$ 11,579,660</u>	<u>\$ 430,204</u>

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>General Government</u>				
Office of Selectman	\$ 80,244	\$ 80,244	\$ 79,502	\$ 742
Town Secretary	45,933	45,933	45,933	-
Probate Court	5,533	5,533	5,533	-
Elections	19,975	19,975	13,571	6,404
Board of Finance/Annual Report	1,000	1,000	762	238
Auditor	33,968	27,515	22,500	5,015
Town treasurer	17,128	17,128	16,903	225
Town Council	12,500	12,500	11,062	1,438
Assessors	90,160	90,160	82,082	8,078
Board of Assessment Appeals	2,500	2,500	371	2,129
Tax Collector	42,573	42,573	42,253	320
Town Clerk	86,100	86,100	81,186	4,914
Planning and Zoning Commission	47,556	47,556	39,983	7,573
Town Hall	127,390	127,390	122,288	5,102
Town Insurance	129,000	122,547	115,948	6,599
Employee Benefits	504,829	504,829	491,007	13,822
Building Official/Fire Marshall	110,087	110,087	110,087	-
Miscellaneous Administration	19,515	19,515	17,514	2,001
Community Hall	13,359	21,359	20,295	1,064
<u>Total General Government</u>	<u>1,389,350</u>	<u>1,384,444</u>	<u>1,318,780</u>	<u>65,664</u>
<u>Public Safety</u>				
Fire	252,666	252,666	251,114	1,552
Constables	450	450	200	250
Street Lighting	7,800	7,800	6,431	1,369
Water Hydrants	52,000	52,000	50,700	1,300
Civil Preparedness	10	10	-	10
Dog Warden	10,810	11,975	11,965	10
<u>Total Public Safety</u>	<u>323,736</u>	<u>324,901</u>	<u>320,410</u>	<u>4,491</u>
<u>Public Works</u>				
Highways and Roadways	1,217,352	1,217,352	1,165,442	51,910
Municipal Waste	231,442	231,442	231,411	31
Equipment Replacement	75,000	75,000	75,000	-
<u>Total Public Works</u>	<u>1,523,794</u>	<u>1,523,794</u>	<u>1,471,853</u>	<u>51,941</u>

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Health Department</u>				
Conservation of Health	32,589	32,589	30,811	1,778
Sanitary Inspector	2,500	2,500	1,250	1,250
Public Health Nurse	4,200	4,200	2,350	1,850
Welfare and Social Services	41,867	41,867	40,415	1,452
<u>Total Health Department</u>	<u>81,156</u>	<u>81,156</u>	<u>74,826</u>	<u>6,330</u>
<u>Parks and Recreation</u>				
Recreation	28,369	28,369	24,500	3,869
Youth Services	93,009	93,009	83,734	9,275
Town Beach	71,700	71,700	64,945	6,755
Sharon Green	48,450	52,806	50,300	2,506
<u>Total Parks and Recreation</u>	<u>241,528</u>	<u>245,884</u>	<u>223,479</u>	<u>22,405</u>
<u>Miscellaneous</u>				
Hotchkiss Library	70,000	70,000	70,000	-
Contingency	10	10	-	10
Contributions	67,762	67,762	67,752	10
Other	32,240	46,625	45,067	1,558
Cemeteries	9,450	9,450	8,470	980
Reserve for Capital Non-Recurring	20,000	20,000	20,000	-
<u>Total Miscellaneous</u>	<u>199,462</u>	<u>213,847</u>	<u>211,289</u>	<u>2,558</u>
<u>Debt Service</u>				
General Obligations Bonds	665,812	665,812	665,708	104
Old Amenia Landfill	35,000	35,000	35,000	-
School Roof Loan Payment	-	-	-	-
<u>Total Debt Service</u>	<u>700,812</u>	<u>700,812</u>	<u>700,708</u>	<u>104</u>
<u>Education</u>				
Elementary Education	4,144,213	4,144,213	4,144,213	-
Regional Education	2,545,405	2,545,405	2,531,265	14,140
<u>Total Education</u>	<u>6,689,618</u>	<u>6,689,618</u>	<u>6,675,478</u>	<u>14,140</u>
<u>Total Expenditures</u>	<u>11,149,456</u>	<u>11,164,456</u>	<u>10,996,823</u>	<u>167,633</u>
<u>Excess (Deficiency) of Revenues</u>				
<u>Over (Under) Expenditures</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ 582,837</u>	<u>\$ 597,837</u>

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**BUDGETARY BASIS - BOARD OF EDUCATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
<b>Salaries:</b>				
<b>Certified personnel:</b>				
Teachers	\$ 1,542,438	\$ 1,542,438	\$ 1,530,049	\$ (12,389)
Remedial Instruction	71,984	71,984	54,540	(17,444)
Interscholastic Sports Coaches and Referees	14,868	14,868	11,423	(3,445)
Extra Pay for Extra Duty	39,865	39,865	24,226	(15,639)
Special Programs	6,961	6,961	6,048	(913)
Principal	124,798	124,798	124,797	(1)
Substitutes	35,100	35,100	37,545	2,445
Total Certified Personnel	1,836,014	1,836,014	1,788,628	(47,386)
<b>Non Certified Personnel:</b>				
Teacher Assistants	77,431	77,431	75,782	(1,649)
Computer Technologist	51,112	51,112	49,860	(1,252)
School Nurse, RN	48,951	48,951	48,490	(461)
Board Clerk	42,381	42,381	44,819	2,438
Secretaries	98,550	98,550	99,377	827
Substitute Stipend	4,224	4,224	4,224	-
Head Custodian/Assistant Custodian	169,104	169,104	168,604	(500)
Custodial Overtime	6,986	6,986	8,143	1,157
Teacher Assistants Substitutes	2,000	2,000	2,900	900
School Nurse Substitutes	2,000	2,000	2,231	231
Office Substitutes	1,000	1,000	323	(677)
Custodial Substitutes	6,130	6,130	8,055	1,925
Total Non Certified Personnel	509,869	509,869	512,808	2,939
<b>Total Salaries</b>	<b>2,345,883</b>	<b>2,345,883</b>	<b>2,301,436</b>	<b>(44,447)</b>
<b>Employee Benefits:</b>				
Health Insurance	676,648	676,648	586,888	(89,760)
Social Security/Medicare	72,580	72,580	71,134	(1,446)
Pension Plan Classified	37,644	37,644	36,595	(1,049)
Annuity - Principal	2,496	2,496	2,496	-
Reimbursement Graduate Credits	3,464	3,464	-	(3,464)
Unemployment Compensation	1,000	1,000	3	(997)
Workers' Compensation	14,444	14,444	14,459	15
Life Insurance	4,585	4,585	5,025	440
<b>Total Employee Benefits</b>	<b>812,861</b>	<b>812,861</b>	<b>716,600</b>	<b>(96,261)</b>
<b>Purchased Services:</b>				
<b>Professional / Educational</b>				
Board of Education In-service	100	100	510	410
Assemblies & Student Activities	18,227	18,227	16,740	(1,487)
In Service/Curriculum Dev, Staff Training	11,425	11,425	9,549	(1,876)
Public Relations	600	600	888	288
School Physicians	600	600	600	-
Legal, Negotiation Fees, Contracts	10,000	10,000	8,161	(1,839)
Audit ED 001 Report, Cafeteria, All Audits	6,358	6,358	3,500	(2,858)
Technology Support Services	19,800	19,800	22,600	2,800
Total professional services	67,110	67,110	62,548	(4,562)

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
BUGETARY BASIS - BOARD OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Purchased property services:				
Water and Sewer	9,480	9,480	7,630	(1,850)
Cleaning Services	1,500	1,500	2,226	726
Refuse Removal - Recycling	5,826	5,826	5,026	(800)
Upkeep of Grounds/Buildings	25,328	25,328	33,969	8,641
Service Office, AV, Music Equipment	7,867	7,867	6,714	(1,153)
Building repairs	26,004	26,004	75,012	49,008
Emergency	10,000	10,000	26,632	16,632
Scheduled Painting	10,000	10,000	13,158	3,158
Asbestos Removal/Mgmt. Plan/Testing	1,000	1,000	800	(200)
Total property services	97,005	97,005	171,167	74,162
Other Purchased Services				
All-Star Bus Contract	280,350	280,350	280,350	-
School Class Trips	18,691	18,691	16,102	(2,589)
Multi-peril Insurance	45,023	45,023	38,210	(6,813)
Student Athletic Insurance	475	475	363	(112)
Postage	2,500	2,500	505	(1,995)
Telephone	10,821	10,821	8,804	(2,017)
Advertising	585	585	260	(325)
Printing -Graduation Prog, diploma, etc.	700	700	1,124	424
Summer School Remedial	3,766	3,766	8,460	4,694
Staff Travel, Prof Memb, Conf-All Staff	8,272	8,272	6,777	(1,495)
Technology	43,762	43,762	52,544	8,782
Total other purchased services	414,945	414,945	413,499	(1,446)
<u>Total - Purchased Services</u>	<u>579,060</u>	<u>579,060</u>	<u>647,214</u>	<u>68,154</u>
<u>Supplies</u>				
Classroom Supplies	28,000	28,000	20,427	(7,573)
Art Supplies	3,000	3,000	2,908	(92)
Music Supplies	3,000	3,000	2,901	(99)
Physical Education Supplies	5,500	5,500	7,991	2,491
Test Materials	800	800	1,086	286
Consumable Workbooks	7,028	7,028	5,600	(1,428)
Medical Supplies	2,000	2,000	885	(1,115)
Audio Visual Materials	2,000	2,000	1,820	(180)
Computer Software -Internet Subscriptions	37,094	37,094	29,040	(8,054)
Office Supplies	9,884	9,884	9,175	(709)
PBIS Supplies	750	750	176	(574)
Graduation Supplies	2,500	2,500	2,040	(460)
Custodial Supplies	27,921	27,921	23,250	(4,671)
Maintenance Supplies	31,699	31,699	39,908	8,209
Electricity	70,339	70,339	71,867	1,528
Heating Fuel	31,520	31,520	31,602	82
Diesel Fuel	24,600	24,600	24,638	38
Textbooks	19,000	19,000	8,937	(10,063)
Library Books	8,440	8,440	8,411	(29)
Library: Supplies/Periodicals/Newspapers	6,400	6,400	7,137	737
<u>Total Supplies</u>	<u>321,475</u>	<u>321,475</u>	<u>299,799</u>	<u>(21,676)</u>

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
BUGETARY BASIS - BOARD OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 20178

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Property</u>				-
Equipment, Instructional	1,500	1,500	11,540	10,040
Equipment, Non-instructional	13,184	13,184	19,565	6,381
<u>Total Property</u>	<u>14,684</u>	<u>14,684</u>	<u>31,105</u>	<u>16,421</u>
<u>Dues and Fees</u>				
Education Connection	250	250	225	(25)
<u>Total Dues and Fees</u>	<u>250</u>	<u>250</u>	<u>225</u>	<u>(25)</u>
<u>Capital Expenses</u>				
Transfer Cafeteria	20,000	20,000	25,000	5,000
Capital Expense	50,000	50,000	122,834	72,834
<u>Total Capital Expenses</u>	<u>70,000</u>	<u>70,000</u>	<u>147,834</u>	<u>77,834</u>
<u>TOTAL SHARON BOARD OF EDUCATION</u>	<u>4,144,213</u>	<u>4,144,213</u>	<u>4,144,213</u>	<u>-</u>
<u>Region One</u>				
High School	1,772,693	1,772,693	1,755,958	(16,735)
Pupil Services	644,917	644,917	641,053	(3,864)
Administrative Services	127,795	127,795	134,254	6,459
<u>Total Region One</u>	<u>2,545,405</u>	<u>2,545,405</u>	<u>2,531,265</u>	<u>(14,140)</u>
<u>TOTAL EDUCATION EXPENDITURES</u>	<u>\$ 6,689,618</u>	<u>\$ 6,689,618</u>	<u>\$ 6,675,478</u>	<u>\$ (14,140)</u>



TOWN OF SHARON  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Town Aid Road Fund	School Cafeteria Fund	Special Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 345,293	\$ 5,491	\$ -	\$ 35,370	\$ 4,278	\$ 14,196	\$ 7,921
Investments	-	-	-	-	46,692	31,112	340,087
Inventory	-	1,039	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due From Other Governments	-	6,622	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>345,293</u>	<u>13,152</u>	<u>-</u>	<u>35,370</u>	<u>50,970</u>	<u>45,308</u>	<u>348,008</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 345,293</u>	<u>\$ 13,152</u>	<u>\$ -</u>	<u>\$ 35,370</u>	<u>\$ 50,970</u>	<u>\$ 45,308</u>	<u>\$ 348,008</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$ 8,152	\$ -	\$ -	\$ 1,196	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>8,152</u>	<u>-</u>	<u>-</u>	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable	-	1,039	-	-	-	-	-
Restricted	337,141	12,113	-	34,174	50,970	45,308	-
Committed	-	-	-	-	-	-	348,008
Unassigned	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>337,141</u>	<u>13,152</u>	<u>-</u>	<u>34,174</u>	<u>50,970</u>	<u>45,308</u>	<u>348,008</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 345,293</u>	<u>\$ 13,152</u>	<u>\$ -</u>	<u>\$ 35,370</u>	<u>\$ 50,970</u>	<u>\$ 45,308</u>	<u>\$ 348,008</u>

**TOWN OF SHARON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>ASSETS</u>		67 Main Street Fund	Sharon Community Center	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
Cash and cash equivalents		\$ 59,546	\$ 1,571	\$ 14,209	\$ 3,506	\$ 11,319	\$ 53,421	\$ 35,752	\$ 28,977	\$ 620,850
Investments		-	-	-	-	-	-	-	-	417,891
Inventory		-	-	-	-	-	-	-	-	1,039
Accounts Receivable		-	-	-	-	-	-	-	-	-
Due From Other Funds		-	-	-	-	-	-	-	-	-
Due From Other Governments		-	-	-	-	-	-	-	-	6,622
<b>TOTAL ASSETS</b>		<b>59,546</b>	<b>1,571</b>	<b>14,209</b>	<b>3,506</b>	<b>11,319</b>	<b>53,421</b>	<b>35,752</b>	<b>28,977</b>	<b>1,046,402</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<b>59,546</b>	<b>1,571</b>	<b>14,209</b>	<b>3,506</b>	<b>11,319</b>	<b>53,421</b>	<b>35,752</b>	<b>28,977</b>	<b>\$1,046,402</b>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Accounts Payable		\$ 50	\$ -	\$ -	\$ -	\$ 1,657	\$ 6,809	\$ -	\$ -	\$ 17,864
Due to Other Funds		-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>		<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,657</b>	<b>6,809</b>	<b>-</b>	<b>-</b>	<b>17,864</b>
Fund Balances:										
Nonspendable		-	-	-	-	-	-	-	-	1,039
Restricted		-	-	-	-	-	-	-	-	479,706
Committed		59,496	1,571	14,209	3,506	9,662	46,612	35,752	28,977	547,793
Unassigned		-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>		<b>59,496</b>	<b>1,571</b>	<b>14,209</b>	<b>3,506</b>	<b>9,662</b>	<b>46,612</b>	<b>35,752</b>	<b>28,977</b>	<b>1,028,538</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		<b>59,546</b>	<b>1,571</b>	<b>14,209</b>	<b>3,506</b>	<b>11,319</b>	<b>53,421</b>	<b>35,752</b>	<b>28,977</b>	<b>\$1,046,402</b>

**TOWN OF SHARON**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Town Aid Road Fund	School Cafeteria Fund	Special Education Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<b>Revenues:</b>							
Intergovernmental	\$ 358,875	\$ 29,626	\$ 31,830	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-	-	-
Investment Income	81	-	-	-	615	399	25,363
Other Income	-	-	-	32,481	-	2,332	-
Sales	-	23,738	-	-	-	-	-
<b>Total Revenues</b>	<b>358,956</b>	<b>53,364</b>	<b>31,830</b>	<b>32,481</b>	<b>615</b>	<b>2,731</b>	<b>25,363</b>
<b>Expenditures:</b>							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	138,067	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	48,112	1,000	2,670	-
Debt Service	-	-	-	-	-	-	-
Education	-	72,420	31,830	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>138,067</b>	<b>72,420</b>	<b>31,830</b>	<b>48,112</b>	<b>1,000</b>	<b>2,670</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>220,889</b>	<b>(19,056)</b>	<b>-</b>	<b>(15,631)</b>	<b>(385)</b>	<b>61</b>	<b>25,363</b>
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	-	25,000	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	(8,470)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,470)</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>220,889</b>	<b>5,944</b>	<b>-</b>	<b>(15,631)</b>	<b>(385)</b>	<b>61</b>	<b>16,893</b>
<b>Fund Balances Beginning of Year</b>	<b>116,252</b>	<b>7,208</b>	<b>-</b>	<b>49,805</b>	<b>51,355</b>	<b>45,247</b>	<b>331,115</b>
<b>Fund Balances End of Year</b>	<b>\$ 337,141</b>	<b>\$ 13,152</b>	<b>\$ -</b>	<b>\$ 34,174</b>	<b>\$ 50,970</b>	<b>\$ 45,308</b>	<b>\$ 348,008</b>

**TOWN OF SHARON**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	67 Main Street Fund	Sharon Community Center	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
<b>Revenues:</b>									
Intergovernmental	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,331
Contributions	-	-	-	-	-	-	-	-	-
Investment Income	367	4	44	33	-	435	157	118	27,616
Other Income	22,200	-	3,143	-	4,776	-	500	-	65,432
Sales	-	-	-	-	-	-	-	-	23,738
<b>Total Revenues</b>	<b>22,567</b>	<b>4</b>	<b>7,187</b>	<b>33</b>	<b>4,776</b>	<b>435</b>	<b>657</b>	<b>118</b>	<b>541,117</b>
<b>Expenditures:</b>									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	10,560	-	-	-	10,560
Public Works	-	-	-	-	-	32,609	-	-	170,676
Health Department	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	827	13,572	-	-	-	3,522	69,703
Debt Service	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Capital Outlay	24,230	-	-	-	-	-	15,250	-	104,250
<b>Total Expenditures</b>	<b>24,230</b>	<b>-</b>	<b>827</b>	<b>13,572</b>	<b>10,560</b>	<b>32,609</b>	<b>15,250</b>	<b>3,522</b>	<b>394,659</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,663)</b>	<b>4</b>	<b>6,360</b>	<b>(13,539)</b>	<b>(5,784)</b>	<b>(32,174)</b>	<b>(14,593)</b>	<b>(3,404)</b>	<b>146,448</b>
<b>Other Financing Sources (Uses):</b>									
Operating Transfers In	-	-	1,000	15,000	7,800	35,000	10,000	10,000	103,800
Operating Transfers Out	-	-	(1,476)	-	-	-	-	-	(9,946)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(476)</b>	<b>15,000</b>	<b>7,800</b>	<b>35,000</b>	<b>10,000</b>	<b>10,000</b>	<b>93,854</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(1,663)</b>	<b>4</b>	<b>5,884</b>	<b>1,461</b>	<b>2,016</b>	<b>2,826</b>	<b>(4,593)</b>	<b>6,596</b>	<b>240,302</b>
<b>Fund Balances Beginning of Year</b>	<b>61,159</b>	<b>1,567</b>	<b>8,325</b>	<b>2,045</b>	<b>7,646</b>	<b>43,786</b>	<b>40,345</b>	<b>22,381</b>	<b>788,236</b>
<b>Fund Balances End of Year</b>	<b>\$ 59,496</b>	<b>\$ 1,571</b>	<b>\$ 14,209</b>	<b>\$ 3,506</b>	<b>\$ 9,662</b>	<b>\$ 46,612</b>	<b>\$ 35,752</b>	<b>\$ 28,977</b>	<b>\$1,028,538</b>

**TOWN OF SHARON**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>AGENCY FUNDS</u>		
	<u>School Activities Fund</u>	<u>Library Fund</u>	<u>Total Agency Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 22,521	\$ 15	\$ 22,536
Due From Other Funds	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 22,521</u></b>	<b><u>\$ 15</u></b>	<b><u>\$ 22,536</u></b>
<b><u>LIABILITIES AND NET POSTION</u></b>			
<b><u>Liabilities:</u></b>			
Due to beneficiaries	\$ 22,521	\$ 15	\$ 22,536
<b><u>Total Liabilities</u></b>	<b><u>22,521</u></b>	<b><u>15</u></b>	<b><u>22,536</u></b>
<b><u>Net Position</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>TOTAL LIABILITIES AND NET POSITION</u></b>	<b><u>\$ 22,521</u></b>	<b><u>\$ 15</u></b>	<b><u>\$ 22,536</u></b>

**TOWN OF SHARON**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>SCHOOL ACTIVITY FUND</u>	<u>BALANCE JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2018</u>
Assets:				
Cash	<u>\$ 18,509</u>	<u>\$ 43,819</u>	<u>\$ 39,807</u>	<u>\$ 22,521</u>
Liabilities:				
Due to students	<u>\$ 18,509</u>	<u>\$ 43,819</u>	<u>\$ 39,807</u>	<u>\$ 22,521</u>
<u>LIBRARY FUND</u>				
Assets:				
Cash	\$ 211	\$ 2,489	\$ 2,685	\$ 15
Due from General Fund	-	-	-	-
	<u>211</u>	<u>2,489</u>	<u>2,685</u>	<u>15</u>
Liabilities:				
Due to others	<u>\$ 211</u>	<u>\$ 2,489</u>	<u>\$ 2,685</u>	<u>\$ 15</u>
<u>TOTAL ALL FUNDS</u>				
Assets:				
Cash	\$ 18,720	\$ 46,308	\$ 42,492	\$ 22,536
Due from General Fund	-	-	-	-
Total Assets	<u>\$ 18,720</u>	<u>\$ 46,308</u>	<u>\$ 42,492</u>	<u>\$ 22,536</u>
Liabilities:				
Due to students and others	<u>\$ 18,720</u>	<u>\$ 46,308</u>	<u>\$ 42,492</u>	<u>\$ 22,536</u>

TOWN OF SHARON  
SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2018

Revenue from taxation for the  
year ended June 30, 2018

Taxes	\$ 11,041,639
Interest and lien fees	100,003
Total	<u>11,141,642</u>

Reimbursed for:

Tax relief for elderly	<u>2,668</u>
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Base	<u><u>\$ 11,144,310</u></u>
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	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$ 25,074,698	\$ -	\$ -	\$ -
4-1/2 times base	-	50,149,395	-	-
3-3/4 times base	-	-	41,791,163	-
3-1/4 times base	-	-	-	36,219,008
Total debt limitation	<u>25,074,698</u>	<u>50,149,395</u>	<u>41,791,163</u>	<u>36,219,008</u>

Indebtedness:

Bonds payable	4,790,000	-	-	-
Notes Payable	801,900	-	-	-
Regional School District #1	-	1,188,185	-	-
Sewer Bonds & Notes	-	-	483,435	-
Total indebtedness	<u>5,591,900</u>	<u>1,188,185</u>	<u>483,435</u>	<u>-</u>

Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 19,482,798</u></u>	<u><u>\$ 48,961,210</u></u>	<u><u>\$ 41,307,728</u></u>	<u><u>\$ 36,219,008</u></u>
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Total capacity of borrowing (7 times base)	\$ 78,010,170
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Total present indebtedness	<u>7,263,520</u>
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Margin for additional borrowing	<u><u>\$ 70,746,650</u></u>
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**TOWN OF SHARON**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Grand List Year	Balances 6/30/2017	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Total	Transfers To Suspense	Balances 6/30/2018
			Additions	Deductions		Taxes	Interest	Liens				
2016	\$ -	\$ 10,964,944	\$ 3,518	\$ 12,081	\$ 10,956,381	\$ 10,837,441	\$ 48,052	\$ -	10,885,493	\$ -	\$ 118,940	
2015	233,194	-	-	2,318	230,876	128,629	21,439	1,128	151,196	-	102,247	
2014	76,470	-	-	909	75,561	16,419	4,951	337	21,707	-	59,142	
2013	59,157	-	-	-	59,157	11,780	5,372	192	17,344	-	47,377	
2012	54,106	-	-	-	54,106	7,195	3,620	72	10,887	-	46,911	
2011	57,458	-	-	-	57,458	5,993	6,695	144	12,832	-	51,465	
2010	51,057	-	-	-	51,057	6,995	2,775	48	9,818	-	44,062	
2009	39,634	-	-	-	39,634	1,649	1,853	67	3,569	-	37,985	
2008	27,637	-	-	-	27,637	3,465	3,090	24	6,579	-	24,172	
2007	13,846	-	-	-	13,846	3,887	-	24	3,911	-	9,959	
2006	13,013	-	-	-	13,013	3,887	-	24	3,911	-	9,126	
2005	12,528	-	-	-	12,528	3,887	-	24	3,911	-	8,641	
2004	10,729	-	-	-	10,729	3,705	-	24	3,729	-	7,024	
2003	7,273	-	-	-	7,273	3,776	-	24	3,800	-	3,497	
2002	6,166	-	-	-	6,166	2,931	-	24	2,955	-	3,235	
2001	4,952	-	-	-	4,952	-	-	-	-	4,952	-	
Totals	\$ 667,220	\$ 10,964,944	\$ 3,518	\$ 15,308	\$ 11,620,374	\$ 11,041,639	\$ 97,847	\$ 2,156	\$ 11,141,642	\$ 4,952	\$ 573,783	



**TOWN OF SHARON**  
**SCHEDULE OF DEBT**  
**Year Ended June 30, 2018**

	General Fund			Capital Reserve Fund			Enterprise Fund					Totals
	2016/17 Caterpillar Motor Grader	2016/17 Daimler Freightliner	2016 General Obligation Bonds	2015/16 Tractor Loan	6/18/2018 2 Freightliner Loan	2015/16 Freightliner Loan	2005 Drinking Water Fund	2000 Drinking Water Fund	2001 Clean Water Fund	2010 Sewer Loan		
Long Term Debt Payable July 1, 2017	\$ 206,593	\$ 198,654	\$ 5,375,000	\$ 23,945	\$ -	\$ 149,864	\$ 164,165	\$ 38,395	\$ 220,021	\$ 161,822	\$ 6,538,459	
Issuances of New Debt Refinanced	-	-	-	-	362,000	-	-	-	-	-	362,000	
Payments During Year	(50,529)	(36,583)	(585,000)	(15,977)	-	(36,067)	(23,622)	(12,467)	(60,705)	(4,174)	(825,124)	
Long Term Debt Payable June 30, 2018	\$ 156,064	\$ 162,071	\$ 4,790,000	\$ 7,968	\$ 362,000	\$ 113,797	\$ 140,543	\$ 25,928	\$ 159,316	\$ 157,648	\$ 6,075,335	
Maturities by Fiscal Years Ending June 30:												
2019	51,284	38,094	580,000	7,968	47,186	37,023	24,194	12,795	62,408	4,360	865,312	
2020	52,181	39,666	575,000	-	48,654	38,004	24,781	13,133	64,158	4,533	860,110	
2021	52,599	41,303	560,000	-	50,167	38,770	25,383	-	32,750	4,750	805,722	
2022	-	43,008	530,000	-	51,727	-	25,999	-	-	4,959	655,693	
2023	-	-	525,000	-	53,336	-	26,630	-	-	5,177	610,143	
2024	-	-	515,000	-	54,995	-	13,556	-	-	5,389	588,940	
2025	-	-	510,000	-	55,935	-	-	-	-	5,642	571,577	
2026	-	-	500,000	-	-	-	-	-	-	5,889	505,889	
2027	-	-	495,000	-	-	-	-	-	-	6,148	501,148	
2028	-	-	-	-	-	-	-	-	-	6,405	6,405	
2029	-	-	-	-	-	-	-	-	-	6,700	6,700	
2030	-	-	-	-	-	-	-	-	-	5,994	5,994	
2031	-	-	-	-	-	-	-	-	-	7,302	7,302	
2032	-	-	-	-	-	-	-	-	-	7,613	7,613	
2033	-	-	-	-	-	-	-	-	-	7,957	7,957	
2034	-	-	-	-	-	-	-	-	-	8,307	8,307	
2035	-	-	-	-	-	-	-	-	-	8,672	8,672	
2036	-	-	-	-	-	-	-	-	-	9,048	9,048	
2037	-	-	-	-	-	-	-	-	-	9,451	9,451	
2038	-	-	-	-	-	-	-	-	-	9,866	9,866	
2039	-	-	-	-	-	-	-	-	-	10,300	10,300	
2040	-	-	-	-	-	-	-	-	-	10,752	10,752	
2041	-	-	-	-	-	-	-	-	-	2,434	2,434	
	\$ 156,064	\$ 162,071	\$ 4,790,000	\$ 7,968	\$ 362,000	\$ 113,797	\$ 140,543	\$ 25,928	\$ 159,316	\$ 157,648	\$ 6,075,335	

## **STATE SINGLE AUDIT REPORTS**



**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**

To the Board of Finance of the  
Town of Sharon, CT  
Sharon, Connecticut

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, CT, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Sharon, CT's basic financial statements, and have issued our report thereon dated December 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Sharon, CT'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 Sharon, CT's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sharon, CT'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 entity'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. 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 Sharon, CT'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*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sinnamon & Associates, LLC  
Certified Public Accountants

Canaan, Connecticut  
December 28, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance of the  
Town of Sharon, CT  
Sharon, Connecticut

**Report on Compliance for Each Major State Program**

We have audited the Town of Sharon, CT's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Sharon, CT's major state programs for the year ended June 30, 2018. The Town of Sharon, CT's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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



### ***Opinion on Each Major State Program***

In our opinion, the Town of Sharon, CT, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Town of Sharon, CT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance

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

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

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

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



Sinnamon & Associates, LLC  
Certified Public Accountants

December 28, 2018  
Canaan, Connecticut

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>State Grantor; Pass-Through Grantor; Program Title</b>	<b>State Grant Program CORE-CT Number</b>	<b>Expenditures</b>
<b>NONEXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road	12052-DOT57131-43455	\$ 179,438
Town Aid Road - STO	12052-DOT57131-43459	179,438
		<u>358,876</u>
<b>CONNECTICUT STATE LIBRARY</b>		
Historic Preservation Grant	12060-CSL66094-35150	<u>4,000</u>
<b>JUDICIAL BRANCH</b>		
Judicial Fines and Fees	34001-JUD95162-40001	545
		<u>545</u>
<b>DEPARTMENT OF EDUCATION</b>		
Child Nutrition Program	11000-SDE64000-16211	556
School Breakfast	11000-SDE64000-17046	2,894
		<u>3,450</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Property Tax Relief for Veterans	11000-OPM20600-17024	2,646
Property Tax Relief for Elderly and Disabled Homeowners	11000-OPM20600-17011	22
		<u>2,668</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>369,539</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Education Cost Sharing	11000-SDE64000-17041	6,825
<b>Total Department of Education</b>		<u>6,825</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	9,111
<b>Total Office of Policy and Management</b>		<u>9,111</u>
<b>Total Exempt Programs</b>		<u>15,936</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 385,475</u>

## TOWN OF SHARON

### NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

#### FOR THE YEAR ENDED JUNE 30, 2018

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Sharon under programs of the State of Connecticut for the fiscal year ended June 30, 2017. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Sharon through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including road repair and maintenance, capital improvements, tax relief, general assistance and education.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Sharon conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

##### Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.



**TOWN OF SHARON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u>      </u> Yes	<u>    x    </u> No
Significant deficiency(ies) identified	<u>      </u> Yes	<u>    x    </u> None Reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>    x    </u> No

**State Financial Assistance**

Internal control over major programs:		
Material weakness(es) identified?	<u>      </u> Yes	<u>    x    </u> No
Significant deficiency(ies) identified	<u>      </u> Yes	<u>    x    </u> None Reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	<u>      </u> Yes	<u>    x    </u> No

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>		
Town Aid Road	12052-DOT57131-43455	\$ 179,438
Town Aid Road - STO	12052-DOT57131-43459	\$ 179,438
Dollar threshold used to distinguish between type A and type B programs:		\$ 100,000

**II - FINANCIAL STATEMENT FINDINGS**

No Matters were reported

**III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No Matters were reported