

**TOWN OF SHARON**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2016**

TOWN OF SHARON  
TABLE OF CONTENTS  
JUNE 30, 2016

	<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	22-44
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the Town's Proportionate Share of the Net Pension Liability	45
<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	46
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Budgetary Basis	47-48
Schedule of Expenditures - Budget and Actual - Budgetary Basis - Board of Education	49-51

TOWN OF SHARON  
TABLE OF CONTENTS  
JUNE 30, 2016

**Nonmajor Governmental Funds:**

Combining Balance Sheet	52-53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	54-55

**Fiduciary Funds:**

Combining Statement of Fiduciary Net Position	56
Combining Statement of Changes in Assets and Liabilities	57

**Other Schedules:**

Schedule of Debt Limitation	58
Schedule of Property Taxes Levied, Collected and Outstanding	59
Schedule of Debt	60

**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>	61-62
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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	63-64
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Schedule of Expenditures of State Financial Assistance	65
Notes to Schedule of Expenditures of State Financial Assistance	66
Schedule of State Findings and Questioned Costs	67

## 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, 2016, 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, 2016, 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.



## 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, 2016, 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, 2016  
Canaan Connecticut

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

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2016**

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, 2016. 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 \$22,364,803 exceeded its liabilities at June 30, 2016, resulting in a total net position of \$15,392,308. Unrestricted net position was \$5,116,599 and was available to meet ongoing government obligations. Of that amount \$5,025,011 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 \$3,829,639, a decrease of \$92,882 for the year. The General Fund operating deficit for the year was \$257,530 vs. a budgeted decrease of \$885,311. The General Fund balance was \$2,323,570, of which \$330,129 was assigned to subsequent years expenditures.

At the end of the current fiscal year unassigned fund balance for the general fund was \$1,993,441 or 18.3 % 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, 2016**

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, 2016**

**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 - 44 of this report.

**Other Information.**

The required supplementary information for the Town's proportionate share of the Connecticut State Teachers Retirement Pension liability can be found on page 45 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 46 - 60 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 \$15,392,308 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 \$45,485 during the current fiscal year.

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**NET POSITION - June 30, 2016 and June 30, 2015**

	June 30, 2016			June 30, 2015		
	Net Position			Net Position		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>						
Current and Other Assets	\$ 4,637,014	\$ 231,588	\$ 4,868,602	\$ 4,777,894	\$ 326,986	\$ 5,104,880
Capital Assets	12,023,214	5,105,650	17,128,864	11,884,212	5,208,775	17,092,987
Non Current Assets	367,337	-	367,337	787,575	-	787,575
<b>TOTAL ASSETS</b>	<b>17,027,565</b>	<b>5,337,238</b>	<b>22,364,803</b>	<b>17,449,681</b>	<b>5,535,761</b>	<b>22,985,442</b>
<b>LIABILITIES</b>						
Current Liabilities	823,847	140,067	963,914	961,993	171,480	1,133,473
Non Current Liabilities	5,381,723	140,067	5,521,790	5,756,082	749,064	6,505,146
<b>TOTAL LIABILITIES</b>	<b>6,205,570</b>	<b>280,134</b>	<b>6,485,704</b>	<b>6,718,075</b>	<b>920,544</b>	<b>7,638,619</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	5,778,762	4,356,947	10,135,709	5,545,137	4,288,231	9,833,368
Restricted for Capital Improvements	-	140,000	140,000	-	140,000	140,000
Unrestricted	5,025,011	91,588	5,116,599	5,186,469	186,986	5,373,455
<b>TOTAL NET POSITION</b>	<b>\$ 10,803,773</b>	<b>\$ 4,588,535</b>	<b>\$ 15,392,308</b>	<b>\$ 10,731,606</b>	<b>\$ 4,615,217</b>	<b>\$ 15,346,823</b>

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**CHANGES IN NET POSITION - June 30, 2016 and June 30, 2015**

	June 30, 2016			June 30, 2015		
	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	\$ 400,743	\$ 493,545	\$ 894,288	\$ 429,110	\$ 490,451	\$ 919,561
Operating grants and contributions	993,027	-	993,027	618,325	-	618,325
Capital grants and contributions	115,000	-	115,000	99,517	-	99,517
General Revenues:						
Property Taxes	9,754,463	-	9,754,463	9,657,722	-	9,657,722
Grants and contributions, unrestricted	52,967	-	52,967	77,721	-	77,721
Other Revenues	22,398	23,133	45,531	22,924	26,062	48,986
<b>Total Revenues</b>	<b>11,338,598</b>	<b>516,678</b>	<b>11,855,276</b>	<b>10,905,319</b>	<b>516,513</b>	<b>11,421,832</b>
<b>Expenses</b>						
General Government	\$ 1,201,808	\$ -	1,201,808	\$ 1,255,270	\$ -	1,255,270
Public Safety	321,363	-	321,363	302,679	-	302,679
Public Works	1,830,502	-	1,830,502	2,219,671	-	2,219,671
Health Department	84,024	-	84,024	171,230	-	171,230
Parks and Recreation	225,212	-	225,212	203,516	-	203,516
Miscellaneous	253,061	-	253,061	134,549	-	134,549
Board of Education	7,177,570	-	7,177,570	6,597,118	-	6,597,118
Sewer and Water Commission	-	519,532	519,532	-	499,794	499,794
Interest on Long Term Debt	172,891	23,828	196,719	169,286	31,051	200,337
<b>Total Expenses</b>	<b>11,266,431</b>	<b>543,360</b>	<b>11,809,791</b>	<b>11,053,319</b>	<b>530,845</b>	<b>11,584,164</b>
<b>Change in Net Position</b>	<b>72,167</b>	<b>(26,682)</b>	<b>45,485</b>	<b>(148,000)</b>	<b>(14,332)</b>	<b>(162,332)</b>
<b>Net Position, beginning</b>	<b>10,731,606</b>	<b>4,615,217</b>	<b>15,346,823</b>	<b>10,879,606</b>	<b>4,629,549</b>	<b>15,509,155</b>
<b>Net Position, ending</b>	<b>\$ 10,803,773</b>	<b>\$ 4,588,535</b>	<b>\$ 15,392,308</b>	<b>\$ 10,731,606</b>	<b>\$ 4,615,217</b>	<b>\$ 15,346,823</b>

**Governmental Activities.**

Approximately 86% of the revenues were derived from property taxes, followed by 9.7% from operating and capital grants, 3.5% from service charges, and 0.8% from grants and investment earnings. Detailed revenue information can be found on page 46.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 63.7% of the Town's expenses relate to education, 16.2% relate to public works, 10.6% for general government and 9.5% 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, 2016**

**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 \$2,323,570. Of this total fund balance, \$330,129 is assigned to the subsequent years expenditures. The remaining balance of \$1,993,441 is unassigned.

The fund balance of the Town's General Fund decreased by \$257,530 during the current fiscal year, compared to an expected decrease of \$885,311.

**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, 2016 amounted to \$12,023,214. This investment in capital assets included land, buildings and system improvements, machinery and equipment and vehicles.

**CAPITAL ASSETS, Net of Depreciation**  
**June 30, 2016 and June 30, 2015**

	<u>Governmental Activities</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 274,081	\$ 274,081
Buildings and improvements	4,465,547	4,343,654
Machinery and equipment	707,613	542,848
Infrastructure	6,575,973	6,723,629
Total	\$ 12,023,214	\$ 11,884,212

**TOWN OF SHARON, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**Long-Term Debt**

At the end of the current fiscal year, the Town had total outstanding debt of \$5,869,388 related to governmental activities and \$748,703 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 \$358,605 during the current fiscal year reflecting the new borrowings of \$232,000 for equipment purchases, net of the principal amount repaid against the general obligation bonds and outstanding notes payable.

The Water and Sewer Commission total debt had a net decrease of \$171,841 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 \$70,418,215 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 36-38 and the detail schedule on page 60 of this report.

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

Subsequent to year end, the Town of Sharon refinanced its general obligation bonds outstanding in the amount of \$5,645,000 as of June 30, 2016. The refinancing was completed on August 24, 2016 and the 2011 general obligation bonds outstanding which totaled \$5,645,000 as of June 30, 2016 were refinanced at lower rates. The total balance due was repaid and a new bond in the principal amount of \$5,375,000 was issued which carries interest at 1.59% over a ten-year repayment term beginning in fiscal year 2017/18.

The management of the Town of Sharon considered the following in preparing the FY 2016/2017 budget:

- Debt service costs
- Health and liability insurance/benefit costs
- Projected Town needs as estimated in the 5 year capital improvement plan
- Education budgets (Region 1 & Sharon Center School)
- The State of Connecticut's budget & projected cuts to municipalities

All of the above factors were considered in preparing the Town's budget for the 2016-2017 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 558, Ripley Hill Road, Sharon, Connecticut 06063.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF SHARON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,601,305	\$ 133,620	\$ 3,734,925
Investments	376,704	-	376,704
Inventory	1,005	-	1,005
Receivables:			
Property Taxes	632,627	-	632,627
Accounts Receivable	11,740	97,968	109,708
Accrued interest and fees on property tax	367,337	-	367,337
Due From Other Governments	13,633	-	13,633
Capital Assets, not being depreciated	274,081	69,775	343,856
Capital Assets, net of accumulated depreciation	11,749,133	5,035,875	16,785,008
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 17,027,565</u></b>	<b><u>\$ 5,337,238</u></b>	<b><u>\$ 22,364,803</u></b>
<b><u>LIABILITIES</u></b>			
Accounts and Other Payables	\$ 131,064	\$ -	\$ 131,064
Security Deposit	1,000	-	1,000
Due to State	103,135	-	103,135
Noncurrent Liabilities Bonds Payable:			
Due within one year	588,648	140,067	728,715
Due in more than one year	5,381,723	608,636	5,990,359
<b><u>TOTAL LIABILITIES</u></b>	<b><u>6,205,570</u></b>	<b><u>748,703</u></b>	<b><u>6,954,273</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Advance Tax Collections	18,222	-	18,222
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	5,778,762	4,356,947	10,135,709
Restricted Net Position	-	140,000	140,000
Unrestricted	5,025,011	91,588	5,116,599
<b><u>TOTAL NET POSITION</u></b>	<b><u>10,803,773</u></b>	<b><u>4,588,535</u></b>	<b><u>15,392,308</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS</u></b>			
<b><u>AND NET POSITION</u></b>	<b><u>\$ 17,027,565</u></b>	<b><u>\$ 5,337,238</u></b>	<b><u>\$ 22,364,803</u></b>

The accompanying notes are an integral part of these financial statements



**TOWN OF SHARON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ (1,201,808)	\$ 108,027	\$ 3,000	\$ -	\$ (1,090,781)	\$ -	\$ (1,090,781)
Public Safety	(321,363)	-	-	-	(321,363)	-	(321,363)
Public Works	(1,830,502)	164,779	357,426	115,000	(1,193,297)	-	(1,193,297)
Health Welfare	(84,024)	8,384	-	-	(75,640)	-	(75,640)
Parks and Recreation	(225,212)	9,462	-	-	(215,750)	-	(215,750)
Miscellaneous	(253,061)	85,778	68,384	-	(98,889)	-	(98,889)
Interest on Long Term Debt	(172,891)	-	-	-	(172,891)	-	(172,891)
Board of Education	(7,177,570)	24,313	564,207	-	(6,589,050)	-	(6,589,050)
<b>Total Governmental Activities</b>	<b>(11,266,431)</b>	<b>400,743</b>	<b>993,027</b>	<b>115,000</b>	<b>(9,757,661)</b>	<b>-</b>	<b>(9,757,661)</b>
<b>Business Type Activities</b>							
Sewer and Water Commission	(543,350)	493,545	-	-	-	(49,815)	(49,815)
<b>Total Primary Government</b>	<b>\$ (11,809,791)</b>	<b>\$ 894,288</b>	<b>\$ 993,027</b>	<b>\$ 115,000</b>	<b>(9,757,661)</b>	<b>(49,815)</b>	<b>(9,807,476)</b>
<b>General Revenues:</b>							
Property taxes					9,754,463	-	9,754,463
Grants and contributions not restricted to specific programs					52,967	-	52,967
Unrestricted investment earnings					22,398	23,133	45,531
<b>Total General Revenues</b>					<b>9,829,828</b>	<b>23,133</b>	<b>9,852,961</b>
<b>Change in net position</b>					<b>72,167</b>	<b>(26,682)</b>	<b>45,485</b>
<b>Net position beginning of year</b>					<b>10,731,506</b>	<b>4,615,217</b>	<b>15,346,823</b>
<b>Net position end of year</b>					<b>\$ 10,803,773</b>	<b>\$ 4,588,535</b>	<b>\$ 15,392,308</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, 2016**

	General Fund	Capital and Non-Recurring Fund	Non Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,595,231	\$ 681,204	\$ 324,870	\$ 3,601,305
Investments	-	-	376,704	376,704
Inventory	-	-	1,005	1,005
Receivables:				
Property Taxes	632,627	-	-	632,627
Accounts Receivable	-	-	11,740	11,740
Due From Other Funds	10,000	107,881	1,722	119,803
Due From Other Governments	-	-	13,633	13,633
<b>TOTAL ASSETS</b>	<b>3,237,858</b>	<b>789,085</b>	<b>729,674</b>	<b>4,756,617</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,237,858</b>	<b>\$ 789,085</b>	<b>\$ 729,674</b>	<b>\$ 4,756,617</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts and Other Payables	\$ 128,374	\$ -	\$ 2,690	\$ 131,064
Due to Other Funds	109,603	-	10,000	119,603
Security Deposit	1,000	-	-	1,000
Performance Bonds	103,135	-	-	103,135
<b>TOTAL LIABILITIES</b>	<b>342,112</b>	<b>-</b>	<b>12,690</b>	<b>354,802</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Advance Tax Collections	18,222	-	-	18,222
Unavailable Revenue - property taxes	553,954	-	-	553,954
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>572,176</b>	<b>-</b>	<b>-</b>	<b>572,176</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	1,005	1,005
Restricted	-	-	221,646	221,646
Committed	330,129	789,085	494,333	1,613,547
Assigned	-	-	-	-
Unassigned	1,993,441	-	-	1,993,441
<b>TOTAL FUND BALANCES</b>	<b>2,323,570</b>	<b>789,085</b>	<b>716,984</b>	<b>3,829,639</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,237,858</b>	<b>\$ 789,085</b>	<b>\$ 729,674</b>	<b>\$ 4,756,617</b>

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, 2016**

<b><u>Total fund balances for governmental funds</u></b>	<b>\$ 3,829,639</b>
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	12,023,214
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	553,954
Interest receivable on property taxes	367,337
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
General Obligation Bonds Payable	<u>(5,970,371)</u>
<b><u>Net position of governmental activities</u></b>	<b><u>\$ 10,803,773</u></b>

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, 2016

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 10,097,120	\$ -	\$ -	\$ 10,097,120
Intergovernmental	563,923	-	526,677	1,090,600
Investment Income	5,618	1,080	15,700	22,398
Licenses Fees and Charges		-	-	-
Other Revenue	341,376	-	96,516	437,892
Contributions	-	-	132	132
Sales	-	8,800	24,313	33,113
<u>Total Revenues</u>	<u>11,008,037</u>	<u>9,880</u>	<u>663,338</u>	<u>11,681,255</u>
<u>Expenditures:</u>				
Current:				
General Government	1,147,504	-	-	1,147,504
Public Safety	312,092	-	9,271	321,363
Public Works	1,270,889	-	283,572	1,554,461
Health Department	84,024	-	-	84,024
Parks and Recreation	225,212	-	-	225,212
Miscellaneous	157,164	-	94,901	252,065
Debt Service	765,433	8,162	-	773,595
Education	6,969,515	-	96,631	7,066,146
Capital Outlay	-	466,767	115,000	581,767
<u>Total Expenditures</u>	<u>10,931,833</u>	<u>474,929</u>	<u>599,375</u>	<u>12,006,137</u>
Excess (deficiency) of Revenues Over Expenditures	76,204	(465,049)	63,963	(324,882)
<u>Other Financing Sources (Uses):</u>				
Proceeds From Borrowing	-	232,000	-	232,000
Transfers In	7,220	282,381	58,573	348,174
Transfers Out	(340,954)	-	(7,220)	(348,174)
<u>Total Other Financing sources (Uses):</u>	<u>(333,734)</u>	<u>514,381</u>	<u>51,353</u>	<u>232,000</u>
Net Change in Fund Balances	(257,530)	49,332	115,316	(92,882)
<u>Fund Balances Beginning of Year, As Restated</u>	<u>2,581,100</u>	<u>739,753</u>	<u>601,668</u>	<u>3,922,521</u>
<u>Fund Balances End of Year</u>	<u>\$ 2,323,570</u>	<u>\$ 789,085</u>	<u>\$ 716,984</u>	<u>\$ 3,829,639</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, 2016**

**Net change in fund balances for governmental funds** **\$ (92,882)**

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	580,771	
Depreciation expense	(441,769)	
Net adjustment	139,002	139,002

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (342,657)

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 (232,000)

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 600,704

**Change in net position of governmental activities** **\$ 72,167**

**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, 2016**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
<b>Revenues:</b>				
Property Taxes	\$ 9,744,487	\$ 9,744,487	\$10,097,120	\$ 352,633
Intergovernmental	220,451	220,451	192,480	(27,971)
Other Revenues	246,300	246,300	348,596	102,296
Interest Investments	7,000	7,000	5,618	(1,382)
<b>Total Revenues</b>	<b>10,218,238</b>	<b>10,218,238</b>	<b>10,643,814</b>	<b>425,576</b>
<b>Expenditures:</b>				
General Government	1,232,068	1,198,425	1,167,746	30,679
Public Safety	316,571	320,263	319,665	598
Public Works	1,484,840	1,484,840	1,370,889	113,951
Health Department	71,920	84,024	84,024	-
Parks and Recreation	250,698	264,239	250,212	14,027
Miscellaneous	157,585	171,391	169,827	1,564
Debt Service	765,638	765,638	765,433	205
Education	6,814,729	6,814,729	6,771,211	43,518
<b>Total Expenditures</b>	<b>11,094,049</b>	<b>11,103,549</b>	<b>10,899,007</b>	<b>204,542</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(875,811)</b>	<b>(885,311)</b>	<b>(255,193)</b>	<b>630,118</b>
<b>Other Financing Sources (Uses):</b>				
Prior Year Encumbrances	-	-	(2,337)	(2,337)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(2,337)</b>	<b>(2,337)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (875,811)</b>	<b>\$ (885,311)</b>	<b>(257,530)</b>	<b>\$ 627,781</b>
<b>Fund Balance - Beginning Of Year As Restated</b>			<b>2,581,100</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 2,323,570</b>	

The accompanying notes are an integral part of these financial statements

**TOWN OF SHARON**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 133,620
Accounts Receivable, Net of Allowance	97,968
Capital Assets, Net of Accumulated Depreciation	
Land	69,775
Utility Plant, Net of Depreciation	<u>5,035,875</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 5,337,238</u></b>
<b><u>LIABILITIES</u></b>	
Accounts and Other Payables	\$ -
Noncurrent Liabilities Bonds Payable:	
Due within one year	140,067
Due in more than one year	<u>608,636</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>748,703</u></b>
<b><u>NET POSITION</u></b>	
Invested in Capital Assets, Net of Related Debt	4,356,947
Restricted for Capital Improvements	140,000
Unrestricted	<u>91,588</u>
<b><u>TOTAL NET POSITION</u></b>	<b><u>4,588,535</u></b>
<b><u>TOTAL LIABILITIES AND NET POSITION</u></b>	<b><u>\$ 5,337,238</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, 2016**

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<u>Operating Revenue</u>	
Water Sales	\$ 333,975
Sewer Services	159,570
<u>Total Operating Revenues</u>	<u>493,545</u>
<u>Operating Expenses</u>	
Management Services	177,727
Chemicals	4,507
Depreciation	187,147
Electric	20,108
Repairs and Maintenance	48,269
Supplies	10,509
Telephone	2,783
Fuel	2,327
Other Costs	2,325
Professional Services	5,225
Wages and Payroll Taxes	16,890
Insurance	12,108
Lab Fees	9,714
Sewer Bed Cleaning	15,905
Meters	3,988
<u>Total Expenditures</u>	<u>519,532</u>
<u>Operating Income (Loss)</u>	<u>(25,987)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	347
Finance Charge Revenue	22,786
Interest Expense	(23,828)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(695)</u>
<u>Change In Net Position</u>	<u>(26,682)</u>
<u>Net Position, Beginning</u>	<u>4,615,217</u>
<u>Net Position, Ending</u>	<u>\$ 4,588,535</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, 2016**

	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	\$ 537,970
Cash Payments to Suppliers	(310,270)
Cash Payments to Employees and Professional	(22,115)
<u>Net Cash Provided by Operating Activities</u>	<u>205,585</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(171,841)
Capital Additions	(84,022)
Interest Paid	(23,828)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>(279,691)</u>
<u>Cash Flows From Investing Activities</u>	
Receipts of Interest	347
<u>Net Cash Provided by Investing Activities</u>	<u>347</u>
<u>Net Decrease in Cash</u>	<u>(73,759)</u>
<u>Cash, Beginning of Year</u>	<u>207,379</u>
<u>Cash, End of Year</u>	<u>133,620</u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	(25,987)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	187,147
Receipt of Other Revenue	22,786
(Increase) Decrease in Accounts Receivable	21,639
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 205,585</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, 2016**

	Pension Trust Funds	Agency Funds Student Activity Funds
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ -	\$ 18,096
Investments	1,125,026	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 1,125,026</u></b>	<b><u>\$ 18,096</u></b>
<b><u>LIABILITIES</u></b>		
Due to beneficiaries	\$ -	\$ 18,096
<b><u>TOTAL LIABILITIES</u></b>	<b><u>-</u></b>	<b><u>18,096</u></b>
<b><u>NET ASSETS</u></b>		
Net assets held in trust for pension benefits	1,125,026	-
<b><u>TOTAL NET ASSETS</u></b>	<b><u>1,125,026</u></b>	<b><u>-</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 1,125,026</u></b>	<b><u>\$ 18,096</u></b>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Pension Trust Fund</u>
<u>ADDITIONS</u>	
Contributions	
Employer	<u>\$ 70,388</u>
<u>Total Contributions</u>	<u>70,388</u>
<u>Investment Income</u>	
Dividend and Interest Earnings and gains/(losses)	<u>(79,755)</u>
<u>Total Investment Income</u>	<u>(79,755)</u>
<u>TOTAL ADDITIONS</u>	<u>(9,367)</u>
<u>DEDUCTIONS</u>	
Benefits	720
Administrative Expense	<u>17,747</u>
<u>TOTAL DEDUCTIONS</u>	<u>18,467</u>
<u>CHANGE IN NET POSITION</u>	<u>(27,834)</u>
<u>NET POSITION BEGINNING OF YEAR</u>	<u>1,152,860</u>
<u>NET POSITION END OF YEAR</u>	<u>\$ 1,125,026</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016

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, 2016

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, 2016**

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, 2016**

**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 two installments on July 1 and the following January 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, 2016 were 97.8% 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 lien-ed 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, 2016**

<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 or 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, 2016**

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, 2016**

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, 2016**

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, 2016 amounted to \$9,500.

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	\$ 10,643,814	\$ 10,899,007
State on-behalf payments for Teachers Retirement	371,443	371,443
Encumbrances June 30, 2015	-	2,337
Encumbrances June 30, 2016	-	-
Interfund Transfers reoprtd on Non-GAAP		
statements as revenues and expenditures	<u>(7,220)</u>	<u>(340,954)</u>
Total GAAP Basis	<u>\$ 11,008,037</u>	<u>\$ 10,931,833</u>

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 2,595,231	\$ 2,837,623
Capital and Non-Recurring Fund	681,204	681,204
Nonmajor Governmental Funds	400,880	417,551
Sewer and Water Commission	133,620	163,886
Agency Funds	18,096	19,141
Total Deposits	3,829,031	4,119,405
Less Certificates of deposit classified as investments	<u>(76,010)</u>	<u>(76,010)</u>
Total Cash and Cash Equivalents	<u>\$ 3,753,021</u>	<u>\$ 4,043,395</u>

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016, \$3,611,495 of the Town's bank balance of \$4,119,405 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,224,065
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name	<u>387,430</u>
	\$ <u>3,611,495</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, 2016, the Town had the following investments:

Non-categorized investments – pooled accounts\*:

Pension investments held by administrator	\$ 1,125,026
Equities held by Sharon Cemetery Fund	253,771
Fixed Income Funds held by Sharon Cemetery Fund	<u>46,923</u>
Total	\$ <u>1,425,720</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.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

Government-wide statement of net position:

Investments	\$ 376,704
Less: certificates of deposit classified as investments	<u>(76,010)</u>
	300,694

Statement of fiduciary net position:

Pension Trust Funds	<u>1,125,026</u>
	\$ <u>1,425,720</u>

**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.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 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, 2016.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2016 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	\$ 632,627	\$ -	\$ -	\$ 632,627
Interest due on taxes	367,337	-	-	367,337
Grants Receivable	-	13,633		13,633
Accounts Receivable	-	11,740	127,870	139,610
Total Gross Receivables	<u>999,964</u>	<u>25,373</u>	<u>127,870</u>	<u>1,153,207</u>
Allowance for Collection Losses	-	-	29,902	29,902
Total Net Receivables	<u>\$ 999,964</u>	<u>\$ 25,373</u>	<u>\$ 97,968</u>	<u>\$ 1,123,305</u>

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

As of June 30, 2016, interfund receivables and payables that resulted from various interfund transactions were as follows:

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 10,000	\$ 109,603
Capital Non-Recurring Fund	107,881	-
Dog Fund	1,722	
Locip	-	10,000
	<hr/>	<hr/>
Total	<u>\$ 119,603</u>	<u>\$ 119,603</u>

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,220	\$ 340,954
Capital Non-Recurring Fund	282,381	-
School Cafeteria Fund	20,000	-
Sharon Cemetery Fund	-	7,220
Town Clerk Preservation Fund	1,000	-
Tree Committee	15,000	-
Dog Fund	7,573	-
Green Rehab Fund	10,000	-
Revaluation Fund	5,000	-
	<hr/>	<hr/>
Total	<u>\$ 348,174</u>	<u>\$ 348,174</u>

**NOTE 6 - DEFICIT FUND BALANCES**

As of June 30, 2016 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.



**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2016 was as follows:

	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	10,750	-	(10,750)	-
Total Capital Assets, not being depreciated	284,831	-	(10,750)	274,081
Capital Assets, being depreciated				
Building and Improvement	9,385,116	292,496	-	9,677,612
Machinery and Equipment	2,453,114	299,025	-	2,752,139
Infrastructure	7,382,824	-	-	7,382,824
Total Capital Assets being depreciated	19,221,054	591,521	-	19,812,575
Less Accumulated Depreciation for:				
Building and Improvement	5,052,212	159,853	-	5,212,065
Machinery and Equipment	1,910,266	134,260	-	2,044,526
Infrastructure	659,195	147,656	-	806,851
Total Accumulated Depreciation	7,621,673	441,769	-	8,063,442
Total Capital Assets, being depreciated net	11,599,381	149,752	-	11,749,133
Governmental Activities Capital Assets, Net	\$ 11,884,212	\$ 149,752	\$ (10,750)	\$ 12,023,214
<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	1,083,045	84,022	-	1,167,067
Total Capital Assets being depreciated	7,879,548	84,022	-	7,963,570
Less Accumulated Depreciation for:				
Building and Improvement	2,248,783	161,679	-	2,410,462
Machinery and Equipment	491,765	25,468	-	517,233
Total Accumulated Depreciation	2,740,548	187,147	-	2,927,695
Total Capital Assets, being depreciated net	5,139,000	(103,125)	-	5,035,875
Business Type Activities Capital Assets, Net	\$ 5,208,775	\$ (103,125)	\$ -	\$ 5,105,650

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**Governmental Activities**

General Governemnt Services	\$ 54,304
Public Works, including depreciation of general infrastructure assets	276,041
Education	111,424
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 441,769</b>

**Business-Type Activities:**

Sewer and Water Commission	<b>\$ 187,147</b>
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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 Activites</u>	<u>Total</u>
Bonds and Debts Payable			
July 1, 2015	\$ 6,227,993	\$ 920,544	\$ 7,148,537
Additions	232,000	-	232,000
Deductions	(590,605)	(171,841)	(762,446)
Bonds and Debts Payable	5,869,388	748,703	6,618,091
June 30, 2016			
Premium	136,018	-	136,018
Deferred Charges	(35,035)	-	(35,035)
<b>Total Bonds/Debt and Related Liabilities</b>			
June 30, 2016	<b>\$ 5,970,371</b>	<b>\$ 748,703</b>	<b>\$ 6,719,074</b>

The amortization of bond premiums for the year ended June 30, 2016 amounted to \$13,602, and the amortization of deferred charges amounted to 3,503 for the year then ended. The annual principal requirements to amortize debt are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2017	\$ 588,648	\$ 163,129	\$ 751,777
2018	567,557	100,969	668,526
2019	575,992	103,756	679,748
2020	568,044	106,605	674,649
2021	563,770	62,883	626,653
2022-2041	3,005,377	211,361	3,216,738
	<b>\$ 5,869,388</b>	<b>\$ 748,703</b>	<b>\$ 6,618,091</b>

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Bonds and Debt Payable at June 30, 2016 are comprised of the following obligations:

Bonds payable dated 08/2013 to 08/2026 payable at various annual installments, including interest at rates from 3.00% to 3.35%, final payment due 8/2026 - General Fund	\$ 5,645,000
Note payable dated 11/2015 to Salisbury Bank and Trust Company, payable \$1,360.31 per month, including interest at 2.251%, final payment due 12/2018 - General Fund	39,388
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	185,000
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	166,994
Note payable dated 12/1999 to State of Connecticut Clear Water Fund, payable \$6,568 a month, including interest at 2.77%, final payment due 05/2017 - Enterprise Fund	64,872
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	50,542
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	279,069
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	<u>187,226</u>
Total Bonds and Notes Payable	<u>\$ 6,618,091</u>

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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>
2017	745,416	191,250	936,666
2018	681,943	170,486	852,429
2019	679,749	150,484	830,233
2020	674,609	130,696	805,305
2021	626,653	111,251	737,904
2022	530,958	93,759	624,717
2023	531,807	77,910	609,717
2024	518,945	62,121	581,066
2025	506,642	46,398	553,040
2026	505,889	30,150	536,039
2027	506,148	13,391	519,539
2028	5,405	4,759	10,164
2029	5,700	4,464	10,164
2030	5,994	4,170	10,164
2031	7,302	3,863	11,165
2032	7,613	3,552	11,165
2033	7,957	3,207	11,164
2034	8,307	2,857	11,164
2035	8,672	2,492	11,164
2036	9,048	2,117	11,165
2037	9,451	1,714	11,165
2038	9,866	1,298	11,164
2039	10,300	864	11,164
2040	10,752	413	11,165
2041	2,965	120	3,085
	<u>\$ 6,618,091</u>	<u>\$ 1,113,786</u>	<u>\$ 7,731,877</u>

Of the above amounts, the Enterprise Fund is responsible for principal payments amounting to \$748,703 and interest payments amounting to \$144,159. The balance will be paid via General Fund appropriations.

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, 2016, the outstanding indebtedness of the District was \$3,951,000. The Town of Sharon's share will be approximately 18.02% of the outstanding indebtedness, or \$711,982. 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:

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$22,634,426	\$ 5,869,388	\$16,795,038
Schools	45,268,853	711,982	44,556,871
Sewers	37,724,044	748,703	36,975,341
Urban renewal	32,694,171	-	32,694,171

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, as adjusted, or \$70,418,215. Indebtedness pertaining to schools includes the Town's share of the outstanding indebtedness of Regional School District #1 of \$711,982.

**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 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, 2016 by the Town were \$70,388.

**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).

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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.

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 July1, 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.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

As of June 30, 2016, 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>4,635,777</u>
Total	<u>\$ 4,635,777</u>

The net pension liability was measured as of June 30, 2015 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, 2016, the Town had no proportionate share of the net position liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$371,443 for on-behalf amounts for the benefits provided by the State.

**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	3.00%
Salary Increases	3.75 – 7.00% including inflation
Investment rate of return	8.50 %, 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, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 – June 30, 2010.

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%.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Lont-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	7.3%
Developd Non-U.S. Equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Inflation Linked Bond Fund	3.0%	1.3%
Emerging Market Bond	5.0%	4.8%
High Yield Bond	5.0%	3.7%
Real Estate	7.0%	5.9%
Private Equity	11.0%	10.9%
Alternate Investments	8.0%	0.7%
Liquidity Fund	6.0%	0.0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. 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.



**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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.

**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 – RESTRICTED NET POSITION**

As of June 30, 2016, the Board of Commissioners of the Water and Sewer Commission has restricted \$140,000 of Net Position for capital improvements.

**NOTE 13 - 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 14 – SUBSEQUENT EVENTS**

Subsequent to year end, the Town of Sharon refinanced its general obligation bonds outstanding in the amount of \$5,645,000 as of June 30, 2016. The refinancing was completed on August 24, 2016 and the 2011 general obligation bonds outstanding which totaled \$5,645,000 as of June 30, 2016 were refinanced at lower rates. The total balance due was repaid and a new bond in the principal amount of \$5,375,000 was issued which carries interest at 1.59% over a ten-year repayment term beginning in fiscal year 2017/18.

**TOWN OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

The following restatement was recorded to the beginning fund balance of the governmental activities. In the current year the Town reviewed certain accounts and determined there should be additional funds included as Nonmajor special revenue funds to increase transparency and the usefulness of the financial statements to the user. Both governmental fund balance for the General Fund and Nonmajor governmental funds was restated as follows:

	<u>Governmental Fund</u>	<u>Other Governmental Funds</u>
Net position at June 30, 2015 as previously reported	\$ 2,740,731	\$ 442,037
Adjustment:		
General Fund	(159,631)	
Nonmajor Governmental Funds	<u>-</u>	<u>159,631</u>
Net Position Balance July 1, 2015, as Restated	<u>\$ 2,581,100</u>	<u>\$ 601,668</u>

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2016 that has 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 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"
- GASB Statement Number 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"
- GASB Statement Number 77 "Tax Abatement Disclosures"
- GASB Statement Number 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"
- GASB Statement Number 79 "Certain external Investment pools and pool Participants"
- GASB Statement Number 80 "Blending requirements for Certain Component Units – an amendment of GASB Statement No. 14"
- GASB Statement Number 81 "Irrevocable Split Interest Agreements"
- GASB Statement Number 82 "Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73"

**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**

	<u>Last Two Fiscal Years</u>	
	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>
State's proportionate share of the net pension liability associated with the town	<u>4,635,777</u>	<u>4,284,847</u>
Total	<u>\$ 4,635,777</u>	<u>\$ 4,284,847</u>
Town's covered-employee payroll	<u>\$ 1,723,151</u>	<u>\$ 1,693,960</u>
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>59.50%</u>	<u>61.51%</u>

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2011, 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, 2010
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Inflation	3.00%
Salary increases	3.75% - 7.00%, average, including inflation
Investment rate of return	8.50%, 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, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b><u>Property Taxes</u></b>				
Property taxes, interest and lien fees	\$ 9,619,487	\$ 9,619,487	\$ 9,837,300	\$ 217,813
Back Taxes	125,000	125,000	259,820	134,820
<b><u>Total Property Taxes</u></b>	<b><u>9,744,487</u></b>	<b><u>9,744,487</u></b>	<b><u>10,097,120</u></b>	<b><u>352,633</u></b>
<b><u>Intergovernmental</u></b>				
Education (ECS)	145,800	145,800	139,261	(6,539)
School transportation	534	534	252	(282)
Pilot - State Property	24,351	24,351	1,210	(23,141)
Tax Relief- Elderly & Veterans	18,000	18,000	19,014	1,014
Telecommunications Property Tax	18,500	18,500	19,492	992
Pequot/Mohegan Grant	8,266	8,266	12,700	4,434
Miscellaneous Grants	5,000	5,000	551	(4,449)
<b><u>Total Intergovernmental</u></b>	<b><u>220,451</u></b>	<b><u>220,451</u></b>	<b><u>192,480</u></b>	<b><u>(27,971)</u></b>
<b><u>Other Revenues</u></b>				
Town Clerk fees	70,000	70,000	69,603	(397)
Town Beach	10,000	10,000	9,462	(538)
Vital Statistics	25,000	25,000	36,324	11,324
Building Permits	100,000	100,000	162,906	62,906
Zoning permits/ZBA	2,000	2,000	1,873	(127)
Cemetery Fund	8,300	8,300	7,220	(1,080)
Miscellaneous	27,000	27,000	56,358	29,358
Sanitary Inspector	4,000	4,000	4,850	850
<b><u>Total Other Revenues</u></b>	<b><u>246,300</u></b>	<b><u>246,300</u></b>	<b><u>348,596</u></b>	<b><u>102,296</u></b>
<b><u>Interest - Investments</u></b>	<b><u>7,000</u></b>	<b><u>7,000</u></b>	<b><u>5,618</u></b>	<b><u>(1,382)</u></b>
<b><u>Total Revenues</u></b>	<b><u>\$ 10,218,238</u></b>	<b><u>\$ 10,218,238</u></b>	<b><u>\$ 10,643,814</u></b>	<b><u>\$ 425,576</u></b>

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<b><u>General Government</u></b>				
Office of Selectman	\$ 76,651	\$ 76,651	\$ 75,549	\$ 1,102
Town Secretary	42,471	42,471	42,471	-
Probate Court	5,510	5,510	5,509	1
Elections	16,020	16,117	16,117	-
Board of Finance/Annual Report	1,000	1,000	983	17
Auditor	33,968	33,968	33,968	-
Town treasurer	16,180	16,180	15,955	225
Town Council	12,500	8,630	7,216	1,414
Assessors	77,026	77,026	68,097	8,929
Board of Assessment Appeals	2,500	2,500	438	2,062
Tax Collector	40,812	40,812	40,040	772
Town Clerk	78,324	78,324	74,764	3,560
Planning and Zoning Commission	36,880	36,880	24,317	12,563
Town Hall	111,018	96,991	103,691	(6,700)
67 Main Street	10	10	-	10
Town Insurance	130,094	130,094	129,670	424
Employee Benefits	422,582	406,739	406,739	-
Building Official/Fire Marshall	98,066	98,066	98,066	-
Miscellaneous Administration	16,256	16,256	14,606	1,650
Community Hall	14,200	14,200	9,550	4,650
<b><u>Total General Government</u></b>	<b><u>1,232,068</u></b>	<b><u>1,198,425</u></b>	<b><u>1,167,746</u></b>	<b><u>30,679</u></b>
<b><u>Public Safety</u></b>				
Fire	246,028	249,720	249,720	-
Constables	350	350	350	-
Street Lighting	7,500	7,500	8,323	(823)
Water Hydrants	52,000	52,000	50,700	1,300
Civil Preparedness	10	10	-	10
Dog Warden	10,683	10,683	10,572	111
<b><u>Total Public Safety</u></b>	<b><u>316,571</u></b>	<b><u>320,263</u></b>	<b><u>319,665</u></b>	<b><u>598</u></b>
<b><u>Public Works</u></b>				
Highways and Roadways	1,162,300	1,162,300	1,048,814	113,486
Municipal Waste	222,540	222,540	222,075	465
Equipment Replacement	100,000	100,000	100,000	-
<b><u>Total Public Works</u></b>	<b><u>1,484,840</u></b>	<b><u>1,484,840</u></b>	<b><u>1,370,889</u></b>	<b><u>113,951</u></b>

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b><u>Health Department</u></b>				
Conservation of Health	31,879	32,774	32,774	-
Sanitary Inspector	2,500	4,778	4,778	-
Public Health Nurse	2,965	3,500	3,500	-
Welfare and Social Services	34,576	42,972	42,972	-
<b><u>Total Health Department</u></b>	<b><u>71,920</u></b>	<b><u>84,024</u></b>	<b><u>84,024</u></b>	<b><u>-</u></b>
<b><u>Parks and Recreation</u></b>				
Recreation	26,607	38,996	36,727	2,269
Youth Services	84,363	84,363	81,911	2,452
Town Beach	67,800	68,952	68,952	-
Sharon Green	71,928	71,928	62,622	9,306
<b><u>Total Parks and Recreation</u></b>	<b><u>250,698</u></b>	<b><u>264,239</u></b>	<b><u>250,212</u></b>	<b><u>14,027</u></b>
<b><u>Miscellaneous</u></b>				
Hotchkiss Library	60,000	60,000	60,000	-
Contingency	10	10	-	10
Contributions	51,525	51,525	50,525	1,000
Other	22,750	36,556	37,082	(526)
Cemeteries	8,300	8,300	7,220	1,080
Reserve for Capital Non-Recurring	15,000	15,000	15,000	-
<b><u>Total Miscellaneous</u></b>	<b><u>157,585</u></b>	<b><u>171,391</u></b>	<b><u>169,827</u></b>	<b><u>1,564</u></b>
<b><u>Debt Service</u></b>				
General Obligations Bonds	711,050	711,050	711,050	-
Old Amenia Landfill	10	10	-	10
School Roof Loan Payment	54,578	54,578	54,383	195
<b><u>Total Debt Service</u></b>	<b><u>765,638</u></b>	<b><u>765,638</u></b>	<b><u>765,433</u></b>	<b><u>205</u></b>
<b><u>Education</u></b>				
Elementary Education	4,173,181	4,173,181	4,173,181	-
Regional Education	2,641,548	2,641,548	2,598,030	43,518
<b><u>Total Education</u></b>	<b><u>6,814,729</u></b>	<b><u>6,814,729</u></b>	<b><u>6,771,211</u></b>	<b><u>43,518</u></b>
<b><u>Total Expenditures</u></b>	<b><u>11,094,049</u></b>	<b><u>11,103,549</u></b>	<b><u>10,899,007</u></b>	<b><u>204,542</u></b>
<b><u>Excess (Deficiency) of Revenues</u></b>				
<b><u>Over (Under) Expenditures</u></b>	<b><u>\$ (875,811)</u></b>	<b><u>\$ (885,311)</u></b>	<b><u>\$ (255,193)</u></b>	<b><u>\$ 630,118</u></b>



**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**BUGETARY BASIS - BOARD OF EDUCATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
<b>Salaries:</b>				
<b>Certified personnel:</b>				
Teachers	\$ 1,571,714	\$ 1,571,714	\$ 1,580,103	\$ 8,389
Remedial Instruction	69,492	69,492	65,376	(4,116)
Interscholastic Sports Coaches and Referees	15,206	15,206	13,593	(1,613)
Extra Pay for Extra Duty	35,601	35,601	27,897	(7,704)
Special Programs	6,961	6,961	4,419	(2,542)
Principal	118,787	118,787	118,786	(1)
Substitutes	32,365	32,365	11,295	(21,070)
Total Certified Personnel	1,850,126	1,850,126	1,821,469	(28,657)
<b>Non Certified Personnel:</b>				
Teacher Assistants	72,996	72,996	76,482	3,486
Computer Technologist	47,520	47,520	48,662	1,142
School Nurse, RN	46,141	46,141	49,100	2,959
Board Clerk	37,091	37,091	38,603	1,512
Secretaries	90,800	90,800	95,705	4,905
Substitute Stipend	3,982	3,982	3,982	-
Head Custodian/Assistant Custodian	159,396	159,396	160,453	1,057
Custodial Overtime	6,986	6,986	5,255	(1,731)
Teacher Assistants Substitutes	2,000	2,000	2,430	430
School Nurse Substitutes	1,000	1,000	2,030	1,030
Office Substitutes	2,000	2,000	431	(1,569)
Custodial Substitutes	6,130	6,130	3,086	(3,044)
Total Non Certified Personnel	476,042	476,042	486,219	10,177
<b>Total Salaries</b>	<b>2,326,168</b>	<b>2,326,168</b>	<b>2,307,688</b>	<b>(18,480)</b>
<b>Employee Benefits:</b>				
Health Insurance	678,635	678,635	557,314	(121,321)
Social Security/Medicare	61,423	61,423	66,138	4,715
Pension Plan Classified	35,488	35,488	31,775	(3,713)
Annuity - Principal	2,376	2,376	2,376	-
Reimbursement Graduate Credits	6,000	6,000	6,387	387
Unemployment Compensation	1,000	1,000	-	(1,000)
Workers' Compensation	13,615	13,615	13,533	(82)
Life Insurance	5,113	5,113	5,232	119
<b>Total Employee Benefits</b>	<b>803,650</b>	<b>803,650</b>	<b>682,755</b>	<b>(120,895)</b>
<b>Purchased Services:</b>				
<b>Professional / Educational</b>				
Board of Education In-service	100	100	-	(100)
Assemblies & Student Activities	16,624	16,624	16,147	(477)
In Service/Curriculum Dev, Staff Training	11,425	11,425	13,096	1,671
Public Relations	600	600	339	(261)
School Physicians	600	600	600	-
Legal, Negotiation Fees, Contracts	1,500	1,500	1,320	(180)
Audit ED 001 Report, Cafeteria, All Audits	6,358	6,358	6,358	-
Technology Support Services	13,392	13,392	12,276	(1,116)
Total professional services	50,599	50,599	50,136	(463)

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**BUDGETARY BASIS - BOARD OF EDUCATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
<b>Purchased property services:</b>				
Water and Sewer	9,480	9,480	7,553	(1,927)
Cleaning Services	5,000	5,000	-	(5,000)
Refuse Removal - Recycling	5,826	5,826	5,751	(75)
Upkeep of Grounds/Buildings	23,500	23,500	22,473	(1,027)
Service Office, AV, Music Equipment	7,167	7,167	6,928	(239)
Building repairs	76,004	76,004	151,835	75,831
Emergency	10,000	10,000	6,521	(3,479)
Scheduled Painting	10,000	10,000	10,008	8
Asbestos Removal/Mgmt. Plan/Testing	560	560	250	(310)
<b>Total property services</b>	<b>147,537</b>	<b>147,537</b>	<b>211,319</b>	<b>63,782</b>
<b>Other Purchased Services</b>				
All-Star Bus Contract	267,750	267,750	267,750	-
School Class Trips	17,448	17,448	16,079	(1,369)
Multi-peril Insurance	46,032	46,032	46,007	(25)
Student Athletic Insurance	450	450	463	13
Postage	2,500	2,500	1,572	(928)
Telephone	10,821	10,821	9,196	(1,625)
Advertising	150	150	66	(84)
Printing -Graduation Prog. diploma, etc.	1,200	1,200	740	(460)
Summer School Remedial	3,000	3,000	3,312	312
Staff Travel, Prof Memb, Conf-All Staff	9,172	9,172	5,265	(3,907)
Technology	51,066	51,066	60,207	9,141
<b>Total other purchased services</b>	<b>409,589</b>	<b>409,589</b>	<b>410,657</b>	<b>1,068</b>
<b><u>Total - Purchased Services</u></b>	<b>607,725</b>	<b>607,725</b>	<b>672,112</b>	<b>64,387</b>
<b><u>Supplies</u></b>				
Classroom Supplies	24,167	24,167	23,754	(413)
Art Supplies	3,000	3,000	2,983	(17)
Music Supplies	3,000	3,000	2,716	(284)
Physical Education Supplies	4,500	4,500	4,697	197
Test Materials	800	800	3,488	2,688
Consumable Workbooks	7,866	7,866	7,028	(838)
Medical Supplies	3,000	3,000	3,946	946
Audio Visual Materials	2,000	2,000	1,915	(85)
Computer Software -Internet Subscriptions	37,178	37,178	19,277	(17,901)
Office Supplies	9,884	9,884	5,523	(4,361)
PBIS Supplies	750	750	396	(354)
Graduation Supplies	2,500	2,500	2,340	(160)
Custodial Supplies	26,319	26,319	24,808	(1,511)
Maintenance Supplies	29,880	29,880	29,013	(867)
Electricity	64,879	64,879	61,527	(3,352)
Heating Fuel	40,625	40,625	39,758	(867)
Diesel Fuel	30,840	30,840	30,672	(168)
Textbooks	20,000	20,000	17,537	(2,463)
Library Books	8,440	8,440	7,704	(736)
Library: Supplies/Periodicals/Newspapers	6,400	6,400	7,200	800
<b><u>Total Supplies</u></b>	<b>326,028</b>	<b>326,028</b>	<b>296,282</b>	<b>(29,746)</b>

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**BUDGETARY BASIS - BOARD OF EDUCATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
<u>Property</u>				-
Equipment, Instructional	15,000	15,000	14,444	(556)
Equipment, Non-instructional	24,360	24,360	26,761	2,401
<u>Total Property</u>	<u>39,360</u>	<u>39,360</u>	<u>41,205</u>	<u>1,845</u>
<u>Dues and Fees</u>				
Education Connection	250	250	-	(250)
<u>Total Dues and Fees</u>	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
<u>Capital Expenses</u>				
Transfer Cafeteria	20,000	20,000	20,000	-
Capital Expense	50,000	50,000	153,139	103,139
<u>Total Capital Expenses</u>	<u>70,000</u>	<u>70,000</u>	<u>173,139</u>	<u>103,139</u>
<u>TOTAL SHARON BOARD OF EDUCATION</u>	<u>4,173,181</u>	<u>4,173,181</u>	<u>4,173,181</u>	<u>-</u>
<u>Region One</u>				
High School	1,818,721	1,818,721	1,783,033	(35,688)
Pupil Services	704,315	704,315	695,982	(8,333)
Administrative Services	118,512	118,512	119,015	503
<u>Total Region One</u>	<u>2,641,548</u>	<u>2,641,548</u>	<u>2,598,030</u>	<u>(43,518)</u>
<u>TOTAL EDUCATION EXPENDITURES</u>	<u>\$ 6,814,729</u>	<u>\$ 6,814,729</u>	<u>\$ 6,771,211</u>	<u>\$ (43,518)</u>

**TOWN OF SHARON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Town Aid Road Fund	School Cafeteria Fund	Special Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund	LOCIP
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 90,101	\$ 3,849	\$ -	\$ 26,527	\$ 6,250	\$ 4,807	\$ 7,910	\$ -
Investments	-	-	-	-	45,568	30,444	300,694	-
Inventory	-	1,005	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	11,740	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Due From Other Governments	-	3,633	-	-	-	-	-	10,000
<b>TOTAL ASSETS</b>	<b>90,101</b>	<b>8,487</b>	<b>-</b>	<b>26,527</b>	<b>51,816</b>	<b>46,791</b>	<b>308,604</b>	<b>10,000</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 90,101</b>	<b>\$ 8,487</b>	<b>\$ -</b>	<b>\$ 26,527</b>	<b>\$ 51,816</b>	<b>\$ 46,791</b>	<b>\$ 308,604</b>	<b>\$ 10,000</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ 1,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	10,000
<b>Total Liabilities</b>	<b>1,071</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
Fund Balances:								
Nonspendable	-	1,005	-	-	-	-	-	-
Restricted	89,030	7,482	-	26,527	51,816	46,791	-	-
Committed	-	-	-	-	-	-	308,604	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>89,030</b>	<b>8,487</b>	<b>-</b>	<b>26,527</b>	<b>51,816</b>	<b>46,791</b>	<b>308,604</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 90,101</b>	<b>\$ 8,487</b>	<b>\$ -</b>	<b>\$ 26,527</b>	<b>\$ 51,816</b>	<b>\$ 46,791</b>	<b>\$ 308,604</b>	<b>\$ 10,000</b>

**TOWN OF SHARON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

ASSETS	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	\$ 40,928	\$ 1,565	\$ 7,324	\$ 8,941	\$ 4,332	\$ 71,609	\$ 33,578	\$ 17,349	\$ 324,870
Investments	-	-	-	-	-	-	-	-	376,704
Inventory	-	-	-	-	-	-	-	-	1,005
Accounts Receivable	-	-	-	-	-	-	-	-	11,740
Due From Other Funds	-	-	-	-	1,722	-	-	-	1,722
Due From Other Governments	-	-	-	-	-	-	-	-	13,633
<b>TOTAL ASSETS</b>	<b>40,928</b>	<b>1,565</b>	<b>7,324</b>	<b>8,941</b>	<b>6,054</b>	<b>71,609</b>	<b>33,578</b>	<b>17,349</b>	<b>729,674</b>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 40,928</b>	<b>\$ 1,565</b>	<b>\$ 7,324</b>	<b>\$ 8,941</b>	<b>\$ 6,054</b>	<b>\$ 71,609</b>	<b>\$ 33,578</b>	<b>\$ 17,349</b>	<b>\$ 729,674</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,619	\$ -	\$ -	\$ -	\$ 2,690
Due to Other Funds	-	-	-	-	-	-	-	-	10,000
Total Liabilities	-	-	-	-	1,619	-	-	-	12,690
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	1,005
Restricted	-	-	-	-	-	-	-	-	221,646
Committed	40,928	1,565	7,324	8,941	4,435	71,609	33,578	17,349	494,333
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	40,928	1,565	7,324	8,941	4,435	71,609	33,578	17,349	716,984
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 40,928</b>	<b>\$ 1,565</b>	<b>\$ 7,324</b>	<b>\$ 8,941</b>	<b>\$ 6,054</b>	<b>\$ 71,609</b>	<b>\$ 33,578</b>	<b>\$ 17,349</b>	<b>\$ 729,674</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, 2016**

	Town Aid Road Fund	School Cafeteria Fund	Special Education Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund	LOCIP
<b>Revenues:</b>								
Intergovernmental	\$ 357,426	\$ 23,171	\$ 28,080	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Contributions	-	-	-	-	-	132	-	-
Investment Income	41	-	-	-	505	343	14,548	-
Other Income	-	-	-	88,262	-	-	-	-
Sales	-	24,313	-	-	-	-	-	-
<b>Total Revenues</b>	<b>357,467</b>	<b>47,484</b>	<b>28,080</b>	<b>88,262</b>	<b>505</b>	<b>475</b>	<b>14,548</b>	<b>115,000</b>
<b>Expenditures:</b>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	278,272	-	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	63,424	-	2,057	-	-
Debt Service	-	-	-	-	-	-	-	-
Education	-	68,551	28,080	-	-	-	-	115,000
Capital Outlay	-	-	-	-	-	-	-	115,000
<b>Total Expenditures</b>	<b>278,272</b>	<b>68,551</b>	<b>28,080</b>	<b>63,424</b>	<b>-</b>	<b>2,057</b>	<b>-</b>	<b>115,000</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>79,195</b>	<b>(21,067)</b>	<b>-</b>	<b>4,838</b>	<b>505</b>	<b>(1,582)</b>	<b>14,548</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>								
Operating Transfers In	-	20,000	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	(7,220)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,220)</b>	<b>-</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>79,195</b>	<b>(1,067)</b>	<b>-</b>	<b>4,838</b>	<b>505</b>	<b>(1,582)</b>	<b>7,328</b>	<b>-</b>
<b>Fund Balances Beginning of Year As Restated</b>	<b>9,835</b>	<b>9,554</b>	<b>-</b>	<b>21,689</b>	<b>51,311</b>	<b>48,373</b>	<b>301,276</b>	<b>-</b>
<b>Fund Balances End of Year</b>	<b>\$ 89,030</b>	<b>\$ 8,487</b>	<b>\$ -</b>	<b>\$ 26,527</b>	<b>\$ 51,816</b>	<b>\$ 46,791</b>	<b>\$ 308,604</b>	<b>\$ -</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, 2016**

	67 Main Street Fund	Sharon Community Center	Town Clerk Preservation Fund	Tiree Committee	Dog Fund	Ameria Landfill Fund	Green Rahab Fund	Revaluation Fund	Total
<b>Revenues:</b>									
Intergovernmental									
Contributions	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,677
Investment Income	49	1	12	19	-	113	52	17	132
Other Income	22,200	-	2,520	-	3,534	-	-	-	15,700
Sales	-	-	-	-	-	-	-	-	98,516
<b>Total Revenues</b>	<b>22,249</b>	<b>1</b>	<b>5,532</b>	<b>19</b>	<b>3,534</b>	<b>113</b>	<b>52</b>	<b>17</b>	<b>24,313</b>
									<b>663,338</b>
<b>Expenditures:</b>									
General Government									
Public Safety	-	-	-	-	9,271	-	-	-	9,271
Public Works	-	-	-	-	-	5,300	-	-	283,572
Health Department	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	5,000	-	5,425	13,655	-	-	5,073	287	84,901
Debt Service	-	-	-	-	-	-	-	-	98,631
Education	-	-	-	-	-	-	-	-	115,000
Capital Outlay	-	-	-	-	-	-	-	-	599,375
<b>Total Expenditures</b>	<b>5,000</b>	<b>-</b>	<b>5,425</b>	<b>13,655</b>	<b>9,271</b>	<b>5,300</b>	<b>5,073</b>	<b>287</b>	
									<b>63,963</b>
<b>Excess of Revenues Over (Under)</b>	<b>17,249</b>	<b>1</b>	<b>107</b>	<b>(13,636)</b>	<b>(5,737)</b>	<b>(5,187)</b>	<b>(5,021)</b>	<b>(250)</b>	
<b>Expenditures</b>									
Other Financing Sources (Uses):									
Operating Transfers In	-	-	1,000	15,000	7,573	-	10,000	5,000	58,573
Operating Transfers Out	-	-	-	-	-	-	-	-	(7,220)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>15,000</b>	<b>7,573</b>	<b>-</b>	<b>10,000</b>	<b>5,000</b>	<b>51,353</b>
<b>Excess of Revenues and Other</b>	<b>17,249</b>	<b>1</b>	<b>1,107</b>	<b>1,364</b>	<b>1,836</b>	<b>(5,187)</b>	<b>4,979</b>	<b>4,750</b>	<b>115,316</b>
<b>Sources Over (Under) Expenditures</b>									
and Other Uses									
Fund Balances Beginning of Year, As Restated	23,679	1,564	6,217	7,577	2,599	76,796	28,599	12,599	601,688
<b>Fund Balances End of Year</b>	<b>\$ 40,928</b>	<b>\$ 1,565</b>	<b>\$ 7,324</b>	<b>\$ 8,941</b>	<b>\$ 4,435</b>	<b>\$ 71,609</b>	<b>\$ 33,578</b>	<b>\$ 17,349</b>	<b>\$ 716,984</b>

**TOWN OF SHARON**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<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	\$ 17,543	\$ 553	\$ 18,096
Due From Other Funds	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 17,543</u></b>	<b><u>\$ 553</u></b>	<b><u>\$ 18,096</u></b>
<b><u>LIABILITIES AND NET POSTION</u></b>			
<b><u>Liabilities:</u></b>			
Due to beneficiaries	\$ 17,543	\$ 553	\$ 18,096
<b><u>Total Liabilities</u></b>	<b><u>17,543</u></b>	<b><u>553</u></b>	<b><u>18,096</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>\$ 17,543</u></b>	<b><u>\$ 553</u></b>	<b><u>\$ 18,096</u></b>



TOWN OF SHARON  
COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>SCHOOL ACTIVITY FUND</u>	<u>BALANCE JULY 1, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2016</u>
Assets:				
Cash	<u>\$ 15,220</u>	<u>\$ 49,836</u>	<u>\$ 47,513</u>	<u>\$ 17,543</u>
Liabilities:				
Due to students	<u>\$ -</u>	<u>\$ 49,836</u>	<u>\$ 47,513</u>	<u>\$ 17,543</u>
<u>LIBRARY FUND</u>				
Assets:				
Cash	<u>\$ 201</u>	<u>\$ 3,104</u>	<u>\$ 2,752</u>	<u>\$ 553</u>
Due from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>201</u>	<u>3,104</u>	<u>2,752</u>	<u>553</u>
Liabilities:				
Due to others	<u>\$ 201</u>	<u>\$ 3,104</u>	<u>\$ 2,752</u>	<u>553</u>
<u>TOTAL ALL FUNDS</u>				
Assets:				
Cash	<u>\$ 15,421</u>	<u>\$ 52,940</u>	<u>\$ 50,265</u>	<u>\$ 18,096</u>
Due from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 15,421</u>	<u>\$ 52,940</u>	<u>\$ 50,265</u>	<u>\$ 18,096</u>
Liabilities:				
Due to students and others	<u>\$ 15,421</u>	<u>\$ 52,940</u>	<u>\$ 50,265</u>	<u>\$ 18,096</u>

TOWN OF SHARON  
SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2016

Revenue from taxation for the  
year ended June 30, 2016

Taxes	\$ 9,933,741
Interest and lien fees	106,990
Total	<u>10,040,731</u>

Reimbursed for:  
Tax relief for elderly

19,014

Base

\$ 10,059,745

	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$ 22,634,426	\$ -	\$ -	\$ -
4-1/2 times base	-	45,268,853	-	-
3-3/4 times base	-	-	37,724,044	-
3-1/4 times base	-	-	-	32,694,171
Total debt limitation	<u>22,634,426</u>	<u>45,268,853</u>	<u>37,724,044</u>	<u>32,694,171</u>
Indebtedness:				
Bonds payable	5,645,000	-	-	-
Notes Payable	224,388	-	-	-
Regional School District #1	-	711,982	-	-
Sewer Bonds & Notes	-	-	748,703	-
Total indebtedness	<u>5,869,388</u>	<u>711,982</u>	<u>748,703</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 16,765,038</u>	<u>\$ 44,556,871</u>	<u>\$ 36,975,341</u>	<u>\$ 32,694,171</u>
Total capacity of borrowing (7 times base)		\$ 70,418,215		
Total present indebtedness		<u>7,330,073</u>		
Margin for additional borrowing		<u>\$ 63,088,142</u>		

**TOWN OF SHARON**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Grand List Year	Balances 06/30/2015	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Transfers To Suspense	Balances 06/30/2016
			Additions	Deductions		Taxes	Interest	Liens	Total		
2014	\$ -	\$ 9,956,311	\$ 6,931	\$ 6,931	\$ 9,956,375	\$ 9,737,142	\$ 43,770	\$ -	9,780,912	\$ 539	\$ 218,694
2013	209,579	-	138	2,404	207,313	129,602	19,855	1,272	150,729	-	77,711
2012	103,294	-	49	34	103,309	32,975	14,325	336	47,636	-	70,334
2011	80,607	-	-	-	80,607	15,586	7,533	120	23,249	-	65,011
2010	64,304	-	-	-	64,304	7,100	6,011	120	13,231	-	57,204
2009	46,620	-	-	-	46,620	5,311	5,732	72	11,115	-	41,309
2008	32,824	-	-	-	32,824	3,744	5,256	48	9,048	-	29,080
2007	16,089	-	-	-	16,089	2,253	2,416	48	4,717	-	13,846
2006	13,022	-	-	-	13,022	9	13	24	46	-	13,013
2005	12,537	-	-	-	12,537	9	15	24	48	-	12,528
2004	10,729	-	-	-	10,729	-	-	-	-	-	10,729
2003	7,273	-	-	-	7,273	-	-	-	-	-	7,273
2002	6,166	-	-	-	6,166	-	-	-	-	-	6,166
2001	4,952	-	-	-	4,952	-	-	-	-	-	4,952
2000	4,777	-	-	-	4,777	-	-	-	-	-	4,777
1999	1,199	-	-	1,199	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 613,982</b>	<b>\$ 9,956,311</b>	<b>\$ 7,182</b>	<b>\$ 10,568</b>	<b>\$ 10,566,907</b>	<b>\$ 9,933,741</b>	<b>\$ 104,926</b>	<b>\$ 2,084</b>	<b>\$ 10,040,731</b>	<b>\$ 539</b>	<b>\$ 632,827</b>

**TOWN OF SHARON  
SCHEDULE OF DEBT  
Year Ended June 30, 2016**

	General Fund			Capital Reserve Fund			Enterprise Fund				Totals
	Roof Project	67 Main Street	2011 General Obligation Bonds *	Tractor Loan	Freightliner Loan	2005 Drinking Water Fund	1999 Clean Water Fund	2000 Drinking Water Fund	2001 Clean Water Fund	2010 Sewer Loan	
Long Term Debt Payable July 1, 2015	\$ 52,993	\$ -	\$ 6,175,000	\$ -	\$ -	\$ 209,741	\$ 140,752	\$ 62,378	\$ 338,506	\$ 171,167	\$ 7,148,537
Issuances of New Debt	-	-	-	47,000	185,000	-	-	-	-	-	232,000
Payments During Year	(52,993)	-	(530,000)	(7,612)	-	(22,515)	(75,880)	(11,835)	(57,437)	(4,173)	(762,445)
Long Term Debt Payable June 30, 2016	\$ -	\$ -	\$ 5,645,000	\$ 39,388	\$ 185,000	\$ 187,226	\$ 64,872	\$ 50,542	\$ 279,069	\$ 166,994	\$ 6,618,091
Maturities by Fiscal Years Ending June 30:											
2017	-	-	530,000	15,512	35,136	23,062	64,872	12,147	59,048	4,000	743,777
2018	-	-	530,000	14,907	36,067	23,621	-	12,467	60,705	4,176	681,943
2019	-	-	530,000	8,959	37,023	24,194	-	12,795	62,408	4,360	679,749
2020	-	-	530,000	-	38,004	24,781	-	13,133	64,158	4,533	674,609
2021	-	-	525,000	-	38,770	25,383	-	-	32,750	4,750	626,653
2022	-	-	500,000	-	-	25,999	-	-	-	4,959	530,958
2023	-	-	500,000	-	-	26,630	-	-	-	5,177	531,807
2024	-	-	500,000	-	-	13,556	-	-	-	5,389	518,945
2025	-	-	500,000	-	-	-	-	-	-	5,642	505,642
2026	-	-	500,000	-	-	-	-	-	-	5,889	505,889
2027	-	-	500,000	-	-	-	-	-	-	6,148	506,148
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	-	-	-	-	-	-	-	-	-	3,604	3,604
	\$ -	\$ -	\$ 5,645,000	\$ 39,388	\$ 185,000	\$ 187,226	\$ 64,872	\$ 50,542	\$ 279,069	\$ 166,994	\$ 6,618,091

• Note the 2011 General Obligation Bonds were refinanced subsequent to year end on August 24, 2016. This schedule represents the bond payment schedule as of June 30, 2018.

**STATE SINGLE AUDIT REPORTS**



SINNAMON & ASSOCIATES, LLC

Certified Public Accountants

**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, 2016, 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, 2016.

**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, 2016



**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, 2016. 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, 2016.

### **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, 2016  
Canaan, Connecticut

**TOWN OF SHARON**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program CORE-CT Number</u>	<u>Expenditures</u>
<b>NONEXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road	12052-DOT57131-43455-34005	\$ 357,425
		<u>357,425</u>
<b>CONNECTICUT STATE LIBRARY</b>		
Historic Preservation Grant	12060-CSL66094-35150	<u>3,000</u>
<b>JUDICIAL BRANCH</b>		
Judicial Fines and Fees	34001-JUD95162-40001	505
		<u>505</u>
<b>DEPARTMENT OF EDUCATION</b>		
Child Nutrition Program	11000-SDE64000-16211	650
School Breakfast	11000-SDE64000-17046	3,017
		<u>3,667</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Property Tax Relief for Elderly and Totally Disabled	11000-OPM20600-17018	16,384
Property Tax Relief for Veterans	11000-OPM20600-17024	2,630
Property Tax Relief for Elderly and Disabled Homeowners	11000-OPM20600-17011	46
STEAP - Veterans Field Bathroom Facilities	12052-OPM20870-40530	115,000
		<u>134,060</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>498,657</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Education Cost Sharing	11000-SDE64000-17041	139,261
Transportation of School Children	11000-SDE64000-17027	252
Total Department of Education		<u>139,513</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	9,736
Total Office of Policy and Management		<u>9,736</u>
<b>Total Exempt Programs</b>		<u>149,249</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 647,906</u>

See Notes to Schedule

TOWN OF SHARON

NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2016

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, 2016. 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, 2016**

**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-DOT57131-43455-34005	\$ 357,425
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