

TOWN OF SHARON
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SHARON
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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, 2021, 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, 2021, 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 50 - 51 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 22, 2021, 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 22, 2021
Canaan Connecticut

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

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, 2021. 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 \$26,703,554 exceeded its liabilities at June 30, 2021, resulting in a total net position of \$20,421,381. Unrestricted net position was \$6,772,187 and was available to meet ongoing government obligations. Of that amount \$6,772,187 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance is \$5,359,333, an increase of \$114,072 for the year. The General Fund operating increase for the year was \$14,222 vs. an adjusted budgeted decrease of \$705,825. The General Fund balance was \$3,071,674, of which \$621,775 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$2,449,899 or 21.43 % of the subsequent year's 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, 2021

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, 2021

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 - 49 of this report.

Other Information.

The required supplementary information for the Town's proportionate share of the Connecticut State Teachers Retirement Pension and OPEB liability can be found on pages 50-51 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 other schedules can be found on pages 52 – 64 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 \$20,421,381 at the close of the most recent fiscal year.

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

The Town's net position increased by \$1,574,626 during the current fiscal year.

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

NET POSITION - June 30, 2021 and June 30, 2020

	6/30/2021 Net Position			6/30/2020 Net Position		
	Governmental	Business -Type		Governmental	Business -Type	
	Activities	Activities	Total	Activities	Activities	Total
ASSETS						
Current and Other Assets	\$ 6,815,237	\$ 303,479	\$ 7,118,716	\$ 6,163,157	\$ 356,539	\$ 6,519,696
Capital Assets	14,793,132	4,356,951	19,150,083	14,405,342	4,470,313	18,875,655
Non Current Assets	434,755	-	434,755	455,272	-	455,272
TOTAL ASSETS	22,043,124	4,660,430	26,703,554	21,023,771	4,826,852	25,850,623
LIABILITIES						
Current Liabilities	1,683,053	55,968	1,739,021	3,292,309	87,426	3,379,735
Non Current Liabilities	4,424,437	115,491	4,539,928	3,427,029	171,459	3,598,488
TOTAL LIABILITIES	6,107,490	171,459	6,278,949	6,719,338	258,885	6,978,223
DEFERRED INFLOWS	3,224	-	3,224	25,645	-	25,645
NET POSITION						
Net Investment in Capital Assets	9,323,702	4,185,492	13,509,194	4,972,227	4,211,428	9,183,655
Restricted for Capital Improvements	-	140,000	140,000	-	140,000	140,000
Unrestricted	6,608,708	163,479	6,772,187	9,306,561	216,539	9,523,100
TOTAL NET POSITION	\$ 15,932,410	\$ 4,488,971	\$ 20,421,381	\$ 14,278,788	\$ 4,567,967	\$ 18,846,755

CHANGES IN NET POSITION - June 30, 2021 and June 30, 2020
Governmental Activities.

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 593,243	\$ 533,578	\$ 1,126,821	\$ 459,242	\$ 509,083	\$ 968,325
Operating grants and contributions	1,652,187	-	1,652,187	1,261,950	-	1,261,950
Capital grants and contributions	343,883	-	343,883	622,000	-	622,000
General Revenues:						
Property Taxes	10,730,991	-	10,730,991	10,676,612	-	10,676,612
Grants and contributions, unrestricted	43,623	-	43,623	33,330	-	33,330
Other Revenues	146,136	10,686	156,822	86,848	12,006	98,854
Total Revenues	13,510,063	544,264	14,054,327	13,139,982	521,089	13,661,071
Expenses						
General Government	\$ 1,417,297	\$ -	1,417,297	\$ 1,384,141	\$ -	1,384,141
Public Safety	372,796	-	372,796	323,670	-	323,670
Public Works	1,791,965	-	1,791,965	2,027,819	-	2,027,819
Health Department	80,717	-	80,717	96,738	-	96,738
Parks and Recreation	153,684	-	153,684	223,225	-	223,225
Miscellaneous	437,223	-	437,223	442,161	-	442,161
Board of Education	7,508,795	-	7,508,795	7,386,288	-	7,386,288
Sewer and Water Commission	-	618,308	618,308	-	519,061	519,061
Interest on Long Tern Debt	93,964	4,952	98,916	87,016	10,613	97,629
Total Expenses	11,856,441	623,260	12,479,701	11,971,058	529,674	12,500,732
Change in Net Position	1,653,622	(78,996)	1,574,626	1,168,924	(8,585)	1,160,339
Net Position, beginning	14,278,788	4,567,967	18,846,755	13,109,864	4,576,552	17,686,416
Net Position, ending	\$ 15,932,410	\$ 4,488,971	\$ 20,421,381	\$ 14,278,788	\$ 4,567,967	\$ 18,846,755

Approximately 79.4% of the revenues were derived from property taxes, followed by 14.8% from operating and capital grants, 4.4% from service charges, and 1.4% from grants and investment earnings. Detailed revenue information can be found on page 51.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 63.3% of the Town's expenses relate to education, 15.1% relate to public works, 11.9% for general government and 8.7% for all other activities.

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

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.

Governmental Funds.

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$3,071,674. Of this total fund balance, \$621,775 is assigned and committed. The remaining balance of \$2,449,899 is unassigned.

The fund balance of the Town's General Fund decreased by \$26,726 during the current fiscal year, compared to an expected decrease of \$705,825.

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 fund as of June 30, 2021 amounted to \$14,793,132. This investment in capital assets included land, buildings and system improvements, machinery and equipment and vehicles.

CAPITAL ASSETS, Net of Depreciation
June 30, 2021 and June 30, 2020

	<u>Governmental Activities</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>
Land and Construction in Process	\$ 337,361	\$ 3,078,295
Building and Improvement	4,197,716	4,366,607
Machinery and Equipment	1,032,264	966,091
Infrastructure	<u>9,225,791</u>	<u>5,994,349</u>
Total	<u>\$ 14,793,132</u>	<u>\$ 14,405,342</u>

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding debt of \$5,132,069 related to governmental activities and \$171,459 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 \$1,310,177 during the current fiscal year reflecting the new borrowings of \$144,8993 for equipment, and the refinancing of the bond anticipation notes, net of the principal amount repaid against the general obligation bonds and outstanding notes payable as described in Note 10 and detailed on page 65.

The Water and Sewer Commission total debt had a net decrease of \$87,426 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 \$75,207,069 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 36-37 and the detail schedule on page 65 of this report.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

The management of the Town of Sharon considered the following in preparation of the 2021/2022 budget:

- The State of Connecticut's budget and projected cuts to municipalities
- Projected Town needs as estimated in the 5-year capital improvement plan
- Education budgets (Region 1 & Sharon Center School)
- The budget impact of completion of the new transfer station
- The debt service schedule of payments
- On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 10, 2020, Governor Ned Lamont declared a public health and civil preparedness emergency throughout the State, pursuant to Sections 19a-131a and 28-9 of the Connecticut General Statutes.

All of the above factors were considered in preparing the Town's budget for the 2021-2022 fiscal year.

Requests for Information

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the First Selectman's office, Town of Sharon, PO Box 385, 63 Main Street, Sharon, Connecticut 06069.

TOWN OF SHARON
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental	Buisness-Type	
	Activities	Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,512,740	\$ 169,091	\$ 5,681,831
Investments	588,813	-	588,813
Inventory	59,272	-	59,272
Prepaid Expenses	-	-	-
Receivables:			
Property Taxes	571,357	-	571,357
Accounts Receivable	2,000	134,388	136,388
Accrued interest and fees on property tax	434,755	-	434,755
Due From Other Governments	81,055	-	81,055
Capital Assets, not being depreciated	337,361	69,775	407,136
Capital Assets, net of accumulated depreciation	14,455,771	4,287,176	18,742,947
<u>TOTAL ASSETS</u>	<u>\$ 22,043,124</u>	<u>\$ 4,660,430</u>	<u>\$ 26,703,554</u>
<u>LIABILITIES</u>			
Accounts and Other Payables	\$ 429,538	\$ -	\$ 429,538
Security Deposit	1,000	-	1,000
Due to State	105,086	-	105,086
Unearned Grant Revenue	408,132	-	408,132
Accrued Compensated Absences, due within one year	31,665	-	31,665
Noncurrent Liabilities Bonds & Notes Payable:			
Due within one year	707,632	55,968	763,600
Due in more than one year	4,424,437	115,491	4,539,928
<u>TOTAL LIABILITIES</u>	<u>6,107,490</u>	<u>171,459</u>	<u>6,278,949</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance Tax Collections	3,224	-	3,224
<u>NET POSITION</u>			
Net Investment in Capital Assets	9,323,702	4,185,492	13,509,194
Restricetd Net Postion	-	140,000	140,000
Unrestricted	6,608,708	163,479	6,772,187
<u>TOTAL NET POSITION</u>	<u>15,932,410</u>	<u>4,488,971</u>	<u>20,421,381</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS</u>			
<u>AND AND NET POSITION</u>	<u>\$ 22,043,124</u>	<u>\$ 4,660,430</u>	<u>\$ 26,703,554</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ (1,417,297)	\$ 252,310	\$ 5,500	\$ -	\$ (1,159,487)	\$ -	\$ (1,159,487)
Public Safety	(372,796)	-	-	-	(372,796)	-	(372,796)
Public Works	(1,791,965)	182,573	360,508	343,883	(905,001)	-	(905,001)
Health Welfare	(80,717)	4,438	-	-	(76,279)	-	(76,279)
Parks and Recreation	(153,684)	15,460	-	-	(138,224)	-	(138,224)
Miscellaneous	(353,348)	137,464	-	-	(215,884)	-	(215,884)
Additional Budget Appropriations	(101,955)	-	-	-	(101,955)	-	(101,955)
Interest on Long Term Debt	(93,964)	-	-	-	(93,964)	-	(93,964)
Education	(7,508,795)	998	1,286,179	-	(6,221,618)	-	(6,221,618)
<u>Total Governmental Activities</u>	<u>(11,874,521)</u>	<u>593,243</u>	<u>1,652,187</u>	<u>343,883</u>	<u>(9,285,208)</u>	<u>-</u>	<u>(9,285,208)</u>
<u>Business Type Activities</u>							
Sewer and Water Commission	(623,260)	533,578	-	-	-	(89,682)	(89,682)
<u>Total Primary Government</u>	<u>\$ (12,497,781)</u>	<u>\$ 1,126,821</u>	<u>\$ 1,652,187</u>	<u>\$ 343,883</u>	<u>(9,285,208)</u>	<u>(89,682)</u>	<u>(9,374,890)</u>
<u>General Revenues:</u>							
Property taxes					10,749,071	-	10,749,071
Grants and contributions not restricted to specific programs					43,623	-	43,623
Unrestricted investment earnings					146,136	10,686	156,822
<u>Total General Revenues</u>					<u>10,938,830</u>	<u>10,686</u>	<u>10,949,516</u>
<u>Change in net position</u>				-	1,653,622	(78,996)	1,574,626
<u>Net position beginning of year</u>					<u>14,278,788</u>	<u>4,567,967</u>	<u>18,846,755</u>
<u>Net position end of year</u>					<u>\$ 15,932,410</u>	<u>\$ 4,488,971</u>	<u>\$ 20,421,381</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital and Non-Recurring Fund	Transfer Station Capital Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 4,059,113	\$ 786,768	\$ 59,015	\$ -	\$ 607,844	\$ 5,512,740
Investments	-	-	-	-	588,813	588,813
Inventory and Prepaid	-	58,445	-	-	827	59,272
Receivables:						
Property Taxes	571,357	-	-	-	-	571,357
Accounts Receivable	2,000	-	-	-	-	2,000
Due From Other Funds	122,397	319,377	-	397,906	-	839,680
Due From Other Governments	-	-	72,397	-	8,658	81,055
<u>TOTAL ASSETS</u>	<u>4,754,867</u>	<u>1,164,590</u>	<u>131,412</u>	<u>397,906</u>	<u>1,206,142</u>	<u>7,654,917</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 4,754,867</u>	<u>\$ 1,164,590</u>	<u>\$ 131,412</u>	<u>\$ 397,906</u>	<u>\$ 1,206,142</u>	<u>\$ 7,654,917</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts and Other Payables	\$ 337,450	\$ -	\$ -	\$ -	\$ 92,088	\$ 429,538
Due to Other Funds	717,283	-	122,397	-	-	839,680
Security Deposit	1,000	-	-	-	-	1,000
Unearned Grant Revenue	10,226	-	-	397,906	-	408,132
Performance Bonds	105,086	-	-	-	-	105,086
<u>TOTAL LIABILITIES</u>	<u>1,171,045</u>	<u>-</u>	<u>122,397</u>	<u>397,906</u>	<u>92,088</u>	<u>1,783,436</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Advance Tax Collections	3,224	-	-	-	-	3,224
Unavailable Revenue - property taxes	508,924	-	-	-	-	508,924
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>512,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,148</u>
<u>FUND BALANCES</u>						
Nonspendable	-	-	-	-	827	827
Restricted	-	-	-	-	419,803	419,803
Committed	415,462	1,164,590	9,015	-	693,424	2,282,491
Assigned	206,313	-	-	-	-	206,313
Unassigned	2,449,899	-	-	-	-	2,449,899
<u>TOTAL FUND BALANCES</u>	<u>3,071,674</u>	<u>1,164,590</u>	<u>9,015</u>	<u>-</u>	<u>1,114,054</u>	<u>5,359,333</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 4,754,867</u>	<u>\$ 1,164,590</u>	<u>\$ 131,412</u>	<u>\$ 397,906</u>	<u>\$ 1,206,142</u>	<u>\$ 7,654,917</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

<u>Total fund balances for governmental funds</u>	\$ 5,359,333
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	14,793,132
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	508,924
Interest receivable on property taxes	434,755
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued Compensated Absences, due within one year	(31,665)
General Obligation Bonds & Notes Payable	<u>(5,132,069)</u>
<u>Net position of governmental activities</u>	<u>\$ 15,932,410</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Reserve Fund	Transfer Station Capital Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Property Taxes	\$ 10,821,842	\$ -	\$ -	\$ -	\$ -	\$ 10,821,842
Intergovernmental	1,153,304	-	343,883	-	542,506	2,039,693
Investment Income	6,551	1,069	1,120	-	137,396	146,136
Licenses Fees and Charges	486,988	-	-	-	-	486,988
Other Revenue	56,042	-	-	-	47,983	104,025
Contributions	-	-	-	-	1,232	1,232
Sales	-	-	-	-	998	998
<u>Total Revenues</u>	<u>12,524,727</u>	<u>1,069</u>	<u>345,003</u>	<u>-</u>	<u>730,115</u>	<u>13,600,914</u>
<u>Expenditures:</u>						
<u>Current:</u>						
General Government	1,370,789	-	-	-	-	1,370,789
Public Safety	363,154	-	-	-	9,642	372,796
Public Works	1,372,947	-	-	-	459,618	1,832,565
Health Department	80,717	-	-	-	-	80,717
Parks and Recreation	153,684	-	-	-	-	153,684
Miscellaneous	310,315	-	-	-	43,033	353,348
Additional Budget Appropriations	117,855	-	-	-	-	117,855
Debt Service	636,345	231,380	2,160,883	-	-	3,028,608
Education	7,278,261	-	-	-	190,704	7,468,965
Capital Outlay	-	233,458	183,489	-	2,461	419,408
<u>Total Expenditures</u>	<u>11,684,067</u>	<u>464,838</u>	<u>2,344,372</u>	<u>-</u>	<u>705,458</u>	<u>15,198,735</u>
Excess (deficiency) of Revenues Over Expenditures	<u>840,660</u>	<u>(463,769)</u>	<u>(1,999,369)</u>	<u>-</u>	<u>24,657</u>	<u>(1,597,821)</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds From Borrowing	-	144,893	1,567,000	-	-	1,711,893
Transfers In	8,260	467,767	324,750	-	108,000	908,777
Transfers Out	(875,646)	-	-	-	(33,131)	(908,777)
<u>Total Other Financing sources (Uses):</u>	<u>(867,386)</u>	<u>612,660</u>	<u>1,891,750</u>	<u>-</u>	<u>74,869</u>	<u>1,711,893</u>
Net Change in Fund Balances	(26,726)	148,891	(107,619)	-	99,526	114,072
<u>Fund Balances Beginning of Year</u>	<u>3,098,400</u>	<u>1,015,699</u>	<u>116,634</u>	<u>-</u>	<u>1,014,528</u>	<u>5,245,261</u>
<u>Fund Balances End of Year</u>	<u>\$ 3,071,674</u>	<u>\$ 1,164,590</u>	<u>\$ 9,015</u>	<u>\$ -</u>	<u>\$ 1,114,054</u>	<u>\$ 5,359,333</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, 2021

<u>Net change in fund balances for governmental funds</u>	\$ 114,072
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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	943,920		
Depreciation expense	(556,130)		
Net adjustment	387,790		387,790

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

(72,771)

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

(1,711,893)

Change in Accrued Compensated Absences reported in statement of activities but not in fund statements

1,780

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

2,934,644

<u>Change in net position of governmental activities</u>	\$ 1,653,622
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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, 2021

	<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>Revenues:</u>				
Property Taxes	\$10,569,526	\$10,569,526	\$10,821,842	\$ 252,316
Intergovernmental	41,737	41,737	57,060	15,323
Other Revenues	275,050	275,050	551,290	276,240
Interest Investments	50,000	50,000	6,551	(43,449)
<u>Total Revenues</u>	<u>10,936,313</u>	<u>10,936,313</u>	<u>11,436,743</u>	<u>500,430</u>
<u>Expenditures:</u>				
General Government	1,460,822	1,463,113	1,393,737	69,376
Public Safety	374,855	382,069	365,154	16,915
Public Works	1,502,686	1,481,557	1,472,947	8,610
Health Department	86,708	86,708	80,717	5,991
Parks and Recreation	211,161	213,722	178,684	35,038
Miscellaneous	294,392	309,929	308,738	1,191
Additional Budget Appropriations	-	446,848	442,605	4,243
Debt Service	702,355	702,355	671,345	31,010
Education	6,555,837	6,555,837	6,512,965	42,872
<u>Total Expenditures</u>	<u>11,188,816</u>	<u>11,642,138</u>	<u>11,426,892</u>	<u>215,246</u>
<u>Excess of Revenues Over</u>				
<u>(Under) Expenditures</u>	<u>(252,503)</u>	<u>(705,825)</u>	<u>9,851</u>	<u>715,676</u>
<u>Other Financing Sources (Uses):</u>				
Change in Encumbrances	-	-	(36,577)	(36,577)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>(36,577)</u>	<u>(36,577)</u>
<u>Net Change In Fund Balance</u>	<u>\$ (252,503)</u>	<u>\$ (705,825)</u>	<u>(26,726)</u>	<u>\$ 679,099</u>
<u>Fund Balance - Beginning Of Year</u>			<u>3,098,400</u>	
<u>Fund Balance - End Of Year</u>			<u>\$ 3,071,674</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water Commission
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 169,091
Accounts Receivable, Net of Allowance	134,388
Prepaid Expenses	-
Capital Assets, Net of Accumulated Depreciation	
Land	69,775
Utility Plant, Net of Depreciation	<u>4,287,176</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,660,430</u>
<u>LIABILITIES</u>	
Accounts and Other Payables	\$ -
Noncurrent Liabilities Bonds Payable:	
Due within one year	55,968
Due in more than one year	<u>115,491</u>
<u>TOTAL LIABILITIES</u>	<u>171,459</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,185,492
Restricted for Capital Improvements	140,000
Unrestricted	<u>163,479</u>
<u>TOTAL NET POSITION</u>	<u>4,488,971</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 4,660,430</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water Commission
<u>Operating Revenue</u>	
Water Sales	\$ 369,961
Sewer Services	163,617
<u>Total Operating Revenues</u>	<u>533,578</u>
<u>Operating Expenses</u>	
Operations Services	192,167
Chemicals	6,026
Depreciation	197,637
Electric	18,050
Repairs and Maintenance	81,047
Supplies	8,672
Telephone	3,799
Fuel	11,123
Other Costs	746
Professional Services	3,500
Wages and Payroll Taxes	20,681
Insurance	15,398
Lab Fees	13,121
Sewer Bed Cleaning	45,665
Meters	676
<u>Total Expenditures</u>	<u>618,308</u>
<u>Operating Income (Loss)</u>	<u>(84,730)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	190
Finance Charge Revenue	10,496
Interest Expense	(4,952)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>5,734</u>
<u>Change In Net Position</u>	(78,996)
<u>Net Position, Beginning</u>	<u>4,567,967</u>
<u>Net Position, Ending</u>	<u>\$ 4,488,971</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, 2021

	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	\$ 561,547
Cash Payments to Suppliers	(396,490)
Cash Payments to Employees and Professional	(24,181)
<u>Net Cash Provided by Operating Activities</u>	<u>140,876</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(87,426)
Capital Additions	(84,275)
Interest Paid	(4,952)
 <u>Net Cash Used by Capital and Related Financing Activities</u>	 <u>(176,653)</u>
 <u>Cash Flows From Investing Activities</u>	
Receipts of Interest	190
<u>Net Cash Provided by Investing Activities</u>	<u>190</u>
 <u>Net Increase (Decrease) in Cash</u>	 (35,587)
 <u>Cash, Beginning of Year</u>	 <u>204,678</u>
 <u>Cash, End of Year</u>	 <u>\$ 169,091</u>
 <u>Reconciliation of Operating Income to</u> <u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (84,730)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	197,637
Receipt of Other Revenue	10,496
(Increase) Decrease in Accounts Receivable	17,473
 <u>Net Cash Provided by Operating Activities</u>	 <u>\$ 140,876</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, 2021

	Pension Trust Funds	Custodial Funds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 17,380	\$ 17,380
Receivables	89,048	-	89,048
Investments	1,551,847	-	1,551,847
<u>TOTAL ASSETS</u>	<u>\$ 1,640,895</u>	<u>\$ 17,380</u>	<u>\$ 1,658,275</u>
<u>LIABILITIES</u>			
Due to beneficiaries	\$ -	\$ -	\$ -
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Restricted for Pensions	1,640,895	-	1,640,895
Restricted for Individuals and Organizations	-	17,380	17,380
<u>TOTAL NET POSITION</u>	<u>1,640,895</u>	<u>17,380</u>	<u>1,658,275</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 1,640,895</u>	<u>\$ 17,380</u>	<u>\$ 1,658,275</u>

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, 2021

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>Additions</u>			
Contributions			
Employer	\$ 88,721	\$ -	\$ 88,721
Employee	8,511	-	8,511
Events and Activities	-	4,195	4,195
<u>Total Contributions</u>	<u>97,232</u>	<u>4,195</u>	<u>101,427</u>
<u>Investment Income</u>			
Investment Net Earnings	180,450	-	180,450
<u>Total Investment Income</u>	<u>180,450</u>	<u>-</u>	<u>180,450</u>
<u>Total Additions</u>	<u>277,682</u>	<u>4,195</u>	<u>281,877</u>
<u>Deductions</u>			
Benefits Paid	149,593	-	149,593
Plan Administration	23,136	-	23,136
Events and Activities	-	5,796	5,796
<u>Total Deductions</u>	<u>172,729</u>	<u>5,796</u>	<u>178,525</u>
<u>Change in Net Position</u>	<u>104,953</u>	<u>(1,601)</u>	<u>103,352</u>
<u>Net Position Beginning</u>	<u>1,535,942</u>	<u>18,981</u>	<u>1,554,923</u>
<u>Net Position Ending</u>	<u>\$ 1,640,895</u>	<u>\$ 17,380</u>	<u>\$ 1,658,275</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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.

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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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.

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

Governmental Funds are those through which most governmental functions typically are financed. The governmental funds are as follows:

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 earnings on investments.

Capital Project Funds - account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments. *Special Revenue Funds* - account for revenue derived from specific sources other than capital projects that are restricted or committed by legal and regulatory provisions to finance specific activities.

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The proprietary funds are as follows:

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

Custodial Funds are used to account for monies held as a custodian for outside groups and agencies.

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.

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.

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) 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

TOWN OF SHARON
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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.

The Town reports the following major governmental funds:

General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital and Non-recurring Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Most of the capital outlays are financed by appropriations from the General Fund or the issuance of general obligation bonds.

Transfer Station Capital Fund accounts for financial resources designated for capital projects related to the Salisbury/Sharon Transfer Station.

Town Special Grant Fund accounts for financial resources restricted to ARPA Federal Covid Grant Funds.

Additionally, the Town reports the following major proprietary fund:

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

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.

Cash Equivalents

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

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices), except as described below. Investments in certain external investment pools consists of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment

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holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

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.

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.

Property Taxes

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

Property taxes are assessed on property as of October 1. Real estate and personal property taxes are due and payable in four installments if over \$100 on July 1, October 1, January 1 and April 1, although a 30-day grace period is provided. Motor vehicle taxes are due and payable July 1, and motor vehicle supplemental taxes are due and payable January 1.

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

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.

TOWN OF SHARON
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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:

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

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.

Long-Term Obligations

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

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

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 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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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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.

Pension Plan Accounting

In the pension trust funds, employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements of the plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense in the governmental activities financial statements, information about the fiduciary net position of the Town's pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the pension trust funds.

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.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

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

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

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.

Encumbrance accounting is utilized in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported in either restricted, committed or assigned fund balance depending on the level of restriction and are not recognized as expenditures or liabilities because the commitments will be re-appropriated and recognized in the subsequent year.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Appropriations for capital projects do not lapse until completion of the applicable projects. All general fund unexpended appropriations lapse at year end. The Town does not have legally adopted annual budgets for its special revenue funds and grant financed capital project funds because budgetary control is alternatively achieved by constraints imposed by intergovernmental grant agreements, or Connecticut General Statutes.

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

	<u>Revenues</u>	<u>Expenditures</u>
Total Budgetary Basis - Non GAAP	\$ 11,436,743	\$ 11,426,892
State on-behalf payments for Teachers Retirement and OPEB	1,096,244	1,096,244
Change in Encumbrances	-	36,577
Interfund Transfers reported on Non-GAAP		
statements as revenues and expenditures	(8,260)	(875,646)
Total GAAP Basis	<u>\$ 12,524,727</u>	<u>\$ 11,684,067</u>

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents at June 30, 2021, consisted of:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 4,059,113	\$ 4,331,736
Capital and Non-Recurring Fund	786,768	784,878
Transfer Station Capital Fund	59,015	59,015
Nonmajor Governmental Funds	689,680	695,017
Sewer and Water Commission	169,091	176,805
Custodial Funds	17,380	18,039
Total Deposits	5,781,047	6,065,490
Less Certificates of deposit classified as investments	(81,836)	(81,836)
Total Cash and Cash Equivalents	<u>\$ 5,699,211</u>	<u>\$ 5,983,654</u>

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$5,701,761 of the Town's bank balance of \$5,983,654 was exposed to custodial credit risk as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Uninsured and uncollateralized	\$ 116,109
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Towns's name	5,585,652
	<u>\$ 5,701,761</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, 2021, consisted of:

	Fair Market Value	Maturity not Available	Less than 1 Year	1- 5 Years	5 - 10 Years
Major Funds					
Certificates of deposit	\$ 81,836	\$ -	\$ -	\$ 81,836	\$ -
Corporate stock	449,570	449,570	-	-	-
Bond funds	57,408	57,408	-	-	-
	<u>588,814</u>	<u>506,978</u>	<u>-</u>	<u>81,836</u>	<u>-</u>
Pension trust fund					
Held by Administrator	1,551,847	1,551,847			
	<u>\$ 2,140,661</u>	<u>\$ 2,058,825</u>	<u>\$ -</u>	<u>\$ 81,836</u>	<u>\$ -</u>

TOWN OF SHARON
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	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Trust Mutual Funds	\$ 1,551,847	\$ 1,551,847	\$ -	\$ -
Public ally traded equity investments	506,978	506,978		
Certificates of deposit	81,836	81,836		
	<u>\$ 2,140,661</u>	<u>\$ 2,140,661</u>	<u>\$ -</u>	<u>\$ -</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
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Custodial Credit Risk

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

Concentrations of Credit Risk

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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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, 2021.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2021 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	\$ 571,357	\$ -	\$ -	\$ 571,357
Interest due on taxes	434,755	-	-	434,755
Grants Receivable	-	8,658		8,658
Accounts Receivable	<u>2,000</u>	<u>-</u>	<u>134,388</u>	<u>136,388</u>
Total Receivables	<u>\$ 1,008,112</u>	<u>\$ 8,658</u>	<u>\$ 134,388</u>	<u>\$ 1,151,158</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 122,397	\$ 717,283
Capital Non-Recurring Fund	319,377	-
Transfer Station Capital Fund	-	122,397
Town Special Grants Fund	<u>397,906</u>	<u>-</u>
Total	<u>\$ 839,680</u>	<u>\$ 839,680</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,260	\$ 875,646
Capital Non-Recurring Fund	467,767	-
School Cafeteria Fund	40,000	-
Transfer Station Capital Fund	324,750	-
Education Grants Fund	-	22,981
Sharon Cemetery Fund	-	8,260
Town Clerk Preservation Fund	1,000	1,890
Amenia Landfill Fund	35,000	
Tree Committee	15,000	-
Dog Fund	2,000	-
Green Rehab Fund	10,000	-
Revaluation Fund	5,000	-
	<u> </u>	<u> </u>
Total	<u>\$ 908,777</u>	<u>\$ 908,777</u>

NOTE 6 -DEFICIT FUND BALANCES

As of June 30, 2021, no funds had deficit fund balances.

NOTE 7 - POST EMPLOYMENT AND HEALTHCARE BENEFITS

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

NOTE 8 - RISK MANAGEMENT

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

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

TOWN OF SHARON
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	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being depreciated				
Land	\$ 274,081	\$ -	\$ -	\$ 274,081
Construction in Process	2,804,214	246,769	2,987,703	63,280
Total Capital Assets, not being depreciated	3,078,295	246,769	2,987,703	337,361
Capital Assets, being depreciated				
Building and Improvement	10,247,200	-	-	10,247,200
Machinery and Equipment	3,196,770	262,476	-	3,459,246
Infrastructure	7,392,824	3,422,378	-	10,815,202
Total Capital Assets being depreciated	20,836,794	3,684,854	-	24,521,648
Less Accumulated Depreciation for:				
Building and Improvement	5,880,593	168,891	-	6,049,484
Machinery and Equipment	2,230,679	196,303	-	2,426,982
Infrastructure	1,398,475	190,936	-	1,589,411
Total Accumulated Depreciation	\$ 9,509,747	556,130	-	10,065,877
Total Capital Assets, being depreciated net	11,327,047	3,128,724	-	14,455,771
Governmental Activities Capital Assets, Net	<u>\$ 14,405,342</u>	<u>\$ 3,375,493</u>	<u>\$ 2,987,703</u>	<u>\$ 14,793,132</u>
<u>Business Type Activities</u>				
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	29,774	-	6,826,277
Machinery and Equipment	1,310,239	54,501	8,710	1,356,030
Total Capital Assets being depreciated	8,106,742	84,275	8,710	8,182,307
Less Accumulated Depreciation for:				
Building and Improvement	3,089,870	169,834	-	3,259,704
Machinery and Equipment	616,334	27,803	8,710	635,427
Total Accumulated Depreciation	3,706,204	197,637	8,710	3,895,131
Total Capital Assets, being depreciated net	4,400,538	(113,362)	-	4,287,176
Business Type Activities Capital Assets, Net	<u>\$ 4,470,313</u>	<u>\$ (113,362)</u>	<u>\$ -</u>	<u>\$ 4,356,951</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government Services	\$ 69,398
Public Works, including depreciation of general infrastructure assets	383,623
Education	103,110
 Total Depreciation Expense - Governmental Activities	 <u>\$ 556,131</u>
 Business-Type Activities:	
Sewer and Water Commission	 <u>\$ 197,637</u>

NOTE 10 - GENERAL LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2016/17 Caterpillar Motor Grader	\$ 52,599	\$ -	\$ 52,599	\$ -	\$ -
2016/17 Daimler Freightliner	84,311	-	41,303	43,008	43,008
2016 General Obligation Bonds	3,635,000	-	560,000	3,075,000	530,000
2021 USDA Bond Transfer Station	-	1,567,000	-	1,567,000	30,448
Bond Anticipation Note	2,160,883	-	2,160,883	-	-
2020/21 Volvo Loader	-	144,893	6,853	138,040	27,833
2019/20 Ford F550	117,097	-	24,069	93,028	24,616
2018/19 Freightliner	266,160	-	50,167	215,993	51,727
2015/16 Freightliner	38,770	-	38,770	-	-
 Total General Government	 <u>6,354,820</u>	 <u>1,711,893</u>	 <u>2,934,644</u>	 <u>5,132,069</u>	 <u>707,632</u>
 Businesses Type Activities					
2005 Drinking Water Fund	91,568		25,383	66,185	25,999
2001 Clean Water Fund	32,750		32,750	-	-
2010 Sewer Loan	134,567		29,293	105,274	29,969
 Total Business type Activates	 <u>258,885</u>	 <u>-</u>	 <u>87,426</u>	 <u>171,459</u>	 <u>55,968</u>
 Total Bonds and Debt	 6,613,705	 1,711,893	 3,022,070	 5,303,528	 763,600
 Compensated Absences	 <u>29,885</u>	 <u>1,780</u>	 <u>-</u>	 <u>31,665</u>	 <u>31,665</u>
 Total Long-term Debt	 <u>\$ 6,643,590</u>	 <u>\$ 1,713,673</u>	 <u>\$ 3,022,070</u>	 <u>\$ 5,335,193</u>	 <u>\$ 795,265</u>

TOWN OF SHARON
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Bonds and Debt Payable at June 30, 2021 are comprised of the following obligations:

Bonds payable dated 08/2016 to 08/2026 payable at various annual installments, including interest at 1.59%, final payment due 8/2026 - General Fund	\$ 3,075,000
USDA Bonds payable dated 01/2021 payable \$50,035 per year, including interest at 1.25%, final payment due 1/2061 - Transfer Station	1,567,000
Note payable dated 1/2017 to Daimler, payable \$44,783 per year, including interest at 4.128%, final payment due 1/2022 - General Fund	43,008
Note payable dated 6/2018 to Salisbury Bank and Trust Company, payable \$58,444 per year, including interest at 3.11%, final payment due 7/2025 - Capital Fund	215,993
Note Payable dated 10/2010 to Salisbury Bank and Trust Company, payable \$2,672 per month, including interest at 2.25% final payment due 1/2025 - Enterprise Fund	105,274
Note payable dated 2/2020 to Salisbury Bank and Trust Company, payable \$2,205 per month, including interest at 2.65%, final payment due 02/2025 - Capital Fund	93,028
Note payable dated 3/2021 to Salisbury Bank and Trust Company, payable \$2,558 per month, including interest at 2.25%, final payment due 03/2026 - Capital Fund	138,040
Note payable dated 06/2004 to State of Connecticut Drinking Water Fund, payable \$2,275 per month, including interest at 2.40%, after first payment of \$27,166 in December 2004, final payment due 12/2023 - Enterprise Fund	<u>66,185</u>
Total Bonds and Notes Payable	<u><u>\$ 5,303,528</u></u>

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

TOWN OF SHARON
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<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 763,600	\$ 80,850	\$ 844,450
2023	720,103	66,176	786,279
2024	701,007	53,354	754,361
2025	658,109	41,133	699,242
2026	554,801	30,099	584,900
Thereafter	<u>1,905,908</u>	<u>343,522</u>	<u>2,249,430</u>
	<u>\$ 5,303,528</u>	<u>\$ 615,134</u>	<u>\$ 5,918,662</u>

Of the above amounts, the Enterprise Fund is responsible for principal payments amounting to \$171,459 and interest payments amounting to \$6,322. The balance will be paid via General Fund appropriations.

Bond Anticipation Notes

On May 1, 2019, The Town issued a \$2,160,883 bond anticipation note with Salisbury Bank and Trust Company. The note had an interest rate of 2.310% and was paid in full on January 15, 2021 when the USDA Bond fund closed.

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2021.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – FUND BALANCES

As of June 30, 2021, governmental fund balances are composed of the following:

	General Fund	Capital and Non- Recurring Fund	Transfer Station Capital Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 827	\$ 827
	-	-	-	-	827	827
Restricted						
Town Aid Road Fund	-	-	-	-	287,322	287,322
School Cafeteria Fund	-	-	-	-	13,412	13,412
Local and State Fund	-	-	-	-	22,024	22,024
Brown Fund	-	-	-	-	52,614	52,614
Sharon Fund	-	-	-	-	44,431	44,431
	-	-	-	-	419,803	419,803
Committed						
STEAP Town Hall Parking Lot	125,000	-	-	-	-	125,000
Sharon Housing Authority	100,000	-	-	-	-	100,000
Air Conditioning Project	190,462	683,538	-	-	-	874,000
Capital Non-Recurring Fund	-	421,052	-	-	-	421,052
Town Parking Lot Expansion	-	60,000	-	-	-	60,000
Transfer Station Capital Fund	-	-	9,015	-	-	9,015
Sharon Cemetery Fund	-	-	-	-	509,024	509,024
67 Main Street Fund	-	-	-	-	60,622	60,622
Town Clerk Preservation Fund	-	-	-	-	9,926	9,926
Tree Committee	-	-	-	-	593	593
Dog Fund	-	-	-	-	12,859	12,859
Amenia Landfill Fund	-	-	-	-	46,003	46,003
Green Rehab Fund	-	-	-	-	41,495	41,495
Revaluation Fund	-	-	-	-	12,902	12,902
	415,462	1,164,590	9,015	-	693,424	2,282,491
Assigned						
Subsequent year's budget	200,135	-	-	-	-	200,135
Encumbrances	6,178	-	-	-	-	6,178
	206,313	-	-	-	-	206,313
Unassigned	2,449,899	-	-	-	-	2,449,899
Total governmental funds	\$ 3,071,674	\$ 1,164,590	\$ 9,015	\$ -	\$ 1,114,054	\$ 5,359,333

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12- 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, 2021 by the Town were \$97,232.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

Teachers, principals, superintendents, and supervisors engaged in service within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the Town does not have a liability related to participants in the System. The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

Benefit Provisions

The benefits provided to participants by the System are as follows:

Normal Retirement:

The System 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 of service in Connecticut.

Retirement benefits for the 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). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Early Retirement:

Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement:

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability.

Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the System, but not less than 15%, nor more than 50%. In addition, disability benefits under this System (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed average annual salary.

Pre-Retirement Death Benefit:

The System also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-183l and 10-183z.

Participants are required to contribute 7.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2020/2021 school year, \$264,492 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The covered payroll for the Town is \$3,778,452. The Town had 41 active participants in the System at June 30, 2021.

Employers are not required to contribute to the System. The Town does not contribute to the System.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, with a reporting date of June 30, 2021, using the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	6.90 Percent

TOWN OF SHARON
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Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

Since the prior valuation, the Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%.
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market International Stock Fund	11.0%	6.0%
Emerging Market International Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. 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 rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Pension Liabilities, Pension Expenses, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$7,301,729 and 100% of the collective net pension liability is allocated to the State.

Town's proportional share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	7,301,729
Total	<u><u>\$ 7,301,729</u></u>

June 30, 2020 is the actuarial valuation date upon which the total pension liability is based. In order to provide the experience gain or loss, an expected total pension liability is determined as of June 30, 2021 using standard roll forward techniques from last year's total pension liability. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The change in assumptions due to the most recent experience study is similarly measured.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2021, the Town recognized \$1,045,938 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Description of the Connecticut State Teachers' Other Post-Employment Benefits (OPEB)

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (Connecticut State Teachers' OPEB), a cost sharing multiple employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered. The Connecticut State Teachers' OPEB is administered under the provisions of Chapter 167a Section 10-183 (t) of the Connecticut General Statutes. The Connecticut State Teachers' OPEB is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports. Those reports may be obtained at www.ct.gov.

Eligibility

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

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

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

Benefit Provisions

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

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Contributions

The Connecticut State Teachers' OPEB contributions made by the State are determined on an actuarial reserve basis. Participants are required to contribute 1.25% of their annual salary rate to the Connecticut State Teachers' OPEB as required by CGS Section 10-183b (7). For the 2020/2021 school year the covered payroll for the Town is \$1,719,611.

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

Actuarial Assumptions and Other Inputs

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

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Reporting Date	June 30, 2021
Actuarial Cost Method	June 30, 2021
Salary increases	3.00% to 6.50%
Inflation rate	2.75%
Discount rate	3.00% as of June 30, 2020, which is based on the 20-bond Municipal Index rate
Healthcare cost trend rates	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023

Health care cost trend rates are set on an annual basis based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and the views of experts who are familiar with the Connecticut State Teachers' OPEB and/or similar plan offerings. Effective June 30, 2020, the health care cost trend rates for the Medicare Supplement and Medicare Advantage medical and prescription drug options were revised to reflect current expectations of future increases in health care claim costs for those options.

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

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

TOWN OF SHARON
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target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
US Treasuries	100%	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on Connecticut State Teachers' OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources Related to OPEB

The State makes all contributions to the Connecticut State Teachers' OPEB on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 75 and the State is treated as a non-employer contributing entity in the Connecticut State Teachers' OPEB. Since the districts do not contribute directly to the Connecticut State Teachers' OPEB, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the State's net OPEB liability that was associated with the Town was \$2,431,958 and 100 percent of the collective net OPEB liability is allocated to the State. The Town's proportionate share of the OPEB liability is zero.

The Town recognized the OPEB expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective OPEB expense associated with the Town. For the fiscal year ended June 30, 2021, the Town recognized \$50,306 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

NOTE 14 – RESTRICTED NET POSITION

As of June 30, 2021, the Board of Commissioners of the Water and Sewer Commission has restricted \$140,000 of Net Position for capital improvements.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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financial position of the Town. The Town has received State 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 expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 16 – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 10, 2020, Governor Ned Lamont declared a public health and civil preparedness emergency throughout the State, pursuant to Sections 19a-131a and 28-9 of the Connecticut General Statutes.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. The District has not included any contingencies in the financial statements specific to this issue.

NOTE 18 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

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

- GASB Statement No. 87 – Leases - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.
- GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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- GASB Statement No. 91 – Conduit Debt Obligations – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 92 – Omnibus 2020 – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.
- GASB Statement No. 93 – Replacement of Interbank Offered Rates – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town’s reporting period beginning July 1, 2021.
- GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 96 – Subscription-Based Information Technology Arrangements –This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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- GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021. GASB Statement No. 98 - The Annual Comprehensive Financial Report The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

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

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Towns proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	7,301,729	7,054,214	5,439,209	5,962,940	6,290,948	4,635,777	4,284,847
Total	\$ 7,301,729	\$ 7,054,214	\$ 5,439,209	\$ 5,962,940	\$ 6,290,948	\$ 4,635,777	\$ 4,284,847
Town's covered-employee payroll	\$ 1,719,611	\$ 1,813,744	\$ 1,739,583	\$ 1,788,628	\$ 1,797,405	\$ 1,723,151	\$ 1,693,960
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4%
Changes of assumptions	Since the prior valuation, the Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below: Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. Decrease payroll growth assumption from 3.25% to 3.00%. Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Single Equivalent amortization period	30 Years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 6.50%, average, including inflation
Investment rate of return	6.9%, net of pension plan investment expense

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Towns proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the town	<u>1,089,053</u>	<u>1,100,214</u>	<u>1,087,329</u>	<u>1,534,781</u>
Total	<u>\$ 1,089,053</u>	<u>\$ 1,100,214</u>	<u>\$ 1,087,329</u>	<u>\$ 1,534,781</u>
Town's covered-employee payroll	<u>\$ 1,719,611</u>	<u>\$ 1,813,744</u>	<u>\$ 1,739,583</u>	<u>\$ 1,788,628</u>
Town's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Notes to Schedule

Changes in benefit terms	Effective January 1, 2019, the board elected a new prescription drug plan which is expected to reduce overall costs.
Changes of assumptions	Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience
	Long-term health care cost trend rates were updated
	The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option
	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:
	Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
	Decrease payroll growth assumption from 3.25% to 3.00%.
	Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll
Remaining amortization period	30 years open
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of pension plan investment expense
Inflation	2.50%

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

TOWN OF SHARON
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Over (Under)
	Original	Transfers	Final	Actual	
<u>Property Taxes</u>					
Property taxes, interest and lien fees	\$ 10,369,526	\$ -	\$ 10,369,526	\$ 10,583,537	\$ 214,011
Back Taxes	200,000	-	200,000	238,305	38,305
<u>Total Property Taxes</u>	<u>10,569,526</u>	<u>-</u>	<u>10,569,526</u>	<u>10,821,842</u>	<u>252,316</u>
<u>Intergovernmental</u>					
Education (ECS)	9,960	-	9,960	13,437	3,477
Pilot - State/Fed Property	14,000	-	14,000	14,252	252
Tax Relief- Elderly & Veterans	2,276	-	2,276	2,193	(83)
TeleCom Property Tax	13,000	-	13,000	14,994	1,994
Pequot/Mohegan Grant	2,001	-	2,001	2,001	-
Miscellaneous Grants	500	-	500	10,183	9,683
<u>Total Intergovernmental</u>	<u>41,737</u>	<u>-</u>	<u>41,737</u>	<u>57,060</u>	<u>15,323</u>
<u>Other Revenues</u>					
Town Clerk fees	70,000	-	70,000	252,310	182,310
Town Beach	9,000	-	9,000	15,460	6,460
Vital Statistics	30,000	-	30,000	32,447	2,447
Building Permits	100,000	-	100,000	175,123	75,123
Zoning permits/ZBA	2,500	-	2,500	4,198	1,698
Cemetery Fund	8,800	-	8,800	7,627	(1,173)
Miscellaneous	48,750	-	48,750	55,675	6,925
Sharon Ridge Pilot	1,000	-	1,000	1,000	-
Sanitary Inspector	5,000	-	5,000	7,450	2,450
<u>Total Other Revenues</u>	<u>275,050</u>	<u>-</u>	<u>275,050</u>	<u>551,290</u>	<u>276,240</u>
<u>Interest - Investments</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>6,551</u>	<u>(43,449)</u>
<u>Total Revenues</u>	<u>\$ 10,936,313</u>	<u>\$ -</u>	<u>\$ 10,936,313</u>	<u>\$ 11,436,743</u>	<u>\$ 500,430</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original	Budgeted Amounts Transfers	Final	Actual	Variance Favorable (Unfavorable)
<u>General Government</u>					
Office of Selectman	\$ 88,329	\$ -	\$ 88,329	\$ 86,866	\$ 1,463
Administrative Assistant	51,680	-	51,680	50,680	1,000
Probate Court	5,464	-	5,464	5,464	-
Elections	22,370	-	22,370	19,768	2,602
Board of Finance/Annual Report	1,000	-	1,000	678	322
Auditor	22,500	-	22,500	22,500	-
Town treasurer	18,736	-	18,736	18,266	470
Town Council	8,000	(3,385)	4,615	4,615	-
Labor Counsel	1,000	14,724	15,724	15,724	-
Assessors	96,036	-	96,036	92,487	3,549
Board of Assessment Appeals	2,000	-	2,000	1,095	905
Tax Collector	47,526	-	47,526	46,986	540
Town Clerk	93,542	-	93,542	92,641	901
Planning and Zoning Commission	50,391	-	50,391	45,704	4,687
Town Hall	157,338	-	157,338	130,296	27,042
Town Insurance	110,000	(11,504)	98,496	98,496	-
Employee Benefits	514,000	-	514,000	496,605	17,395
Building Official/Fire Marshall	123,705	-	123,705	123,705	-
Miscellaneous Administration	20,718	2,456	23,174	22,656	518
Community Hall	26,487	-	26,487	18,505	7,982
<u>Total General Government</u>	<u>1,460,822</u>	<u>2,291</u>	<u>1,463,113</u>	<u>1,393,737</u>	<u>69,376</u>
<u>Public Safety</u>					
Fire	267,385	6,474	273,859	265,595	8,264
Constables	450	-	450	350	100
Street Lighting	7,000	-	7,000	6,629	371
Water Hydrants	52,000	-	52,000	51,376	624
Civil Preparedness	10	-	10	-	10
Dog Warden	5,010	740	5,750	5,740	10
Sharon Green	43,000	-	43,000	35,464	7,536
<u>Total Public Safety</u>	<u>374,855</u>	<u>7,214</u>	<u>382,069</u>	<u>365,154</u>	<u>16,915</u>
<u>Public Works</u>					
Highways and Roadways	1,146,500	(29,024)	1,117,476	1,108,866	8,610
Municipal Waste	256,186	7,895	264,081	264,081	-
Equipment Replacement	100,000	-	100,000	100,000	-
<u>Total Public Works</u>	<u>1,502,686</u>	<u>(21,129)</u>	<u>1,481,557</u>	<u>1,472,947</u>	<u>8,610</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance Favorable (Unfavorable)
	Original	Transfers	Final	Actual	
<u>Health Department</u>					
Conservation of Health	36,155	-	36,155	33,990	2,165
Sanitary Inspector	2,653	-	2,653	1,850	803
Public Health Nurse	4,740	-	4,740	2,946	1,794
Welfare and Social Services	43,160	-	43,160	41,931	1,229
<u>Total Health Department</u>	<u>86,708</u>	<u>-</u>	<u>86,708</u>	<u>80,717</u>	<u>5,991</u>
<u>Parks and Recreation</u>					
Recreation	43,233	-	43,233	39,470	3,763
Youth Services	88,778	-	88,778	57,793	30,985
Town Beach	79,150	2,561	81,711	81,421	290
<u>Total Parks and Recreation</u>	<u>211,161</u>	<u>2,561</u>	<u>213,722</u>	<u>178,684</u>	<u>35,038</u>
<u>Miscellaneous</u>					
Hotchkiss Library	100,000	-	100,000	100,000	-
Contingency	10	-	10	-	10
Contributions	103,330	-	103,330	103,330	-
Other	47,252	15,537	62,789	62,148	641
Cemeteries	8,800	-	8,800	8,260	540
Reserve for Capital Non-Recurring	35,000	-	35,000	35,000	-
<u>Total Miscellaneous</u>	<u>294,392</u>	<u>15,537</u>	<u>309,929</u>	<u>308,738</u>	<u>1,191</u>
<u>Debt Service</u>					
General Obligations Bonds	613,345	-	613,345	613,345	-
Old Amenia Landfill	35,000	-	35,000	35,000	-
Town Clock Repairs/Maintenance	10	-	10	-	10
Transfer Station Debt Service	54,000	-	54,000	23,000	31,000
<u>Total Debt Service</u>	<u>702,355</u>	<u>-</u>	<u>702,355</u>	<u>671,345</u>	<u>31,010</u>
<u>Additional Budget Appropriations</u>					
Library	-	18,080	18,080	18,080	-
Transfer Station	-	324,750	324,750	324,750	-
Settle Personnel claims	-	70,000	70,000	70,000	-
RAVE Notification System	-	5,000	5,000	5,000	-
Veterans Field 36a	-	11,000	11,000	10,900	100
Records Restoration	-	18,018	18,018	13,875	4,143
<u>Total Additional Budget Appropriations</u>	<u>-</u>	<u>446,848</u>	<u>446,848</u>	<u>442,605</u>	<u>4,243</u>
<u>Education</u>					
Elementary Education	4,343,314	-	4,343,314	4,343,314	-
Regional Education	2,212,523	-	2,212,523	2,169,651	42,872
<u>Total Education</u>	<u>6,555,837</u>	<u>-</u>	<u>6,555,837</u>	<u>6,512,965</u>	<u>42,872</u>
<u>Total Expenditures</u>	<u>11,188,816</u>	<u>453,322</u>	<u>11,642,138</u>	<u>11,426,892</u>	<u>211,003</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over (Under) Expenditures</u>	<u>\$ (252,503)</u>	<u>\$ (453,322)</u>	<u>\$ (705,825)</u>	<u>\$ 9,851</u>	<u>\$ 715,676</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Over (Under)
	Original	Transfers	Final	Actual	
<u>Salaries:</u>					
Certified personnel:					
Teachers	\$ 1,502,878	\$ -	\$ 1,502,878	\$ 1,444,271	\$ (58,607)
Remedial Instruction	67,846	-	67,846	15,557	(52,289)
Extra Pay for Extra Duty	32,342	-	32,342	32,280	(62)
Special Programs	6,961	-	6,961	729	(6,232)
Principal	141,834	-	141,834	141,834	-
Substitutes	38,500	-	38,500	42,625	4,125
Total Certified Personnel	1,790,361	-	1,790,361	1,677,296	(113,065)
Non Certified Personnel:					
Teacher Assistants	80,183	-	80,183	78,402	(1,781)
Computer Technologist	56,374	-	56,374	54,224	(2,150)
School Nurse, RN	53,496	-	53,496	56,821	3,325
Board Clerk	48,296	-	48,296	48,305	9
Secretaries	105,446	-	105,446	104,107	(1,339)
Substitute Stipend	4,751	-	4,751	4,751	-
Head Custodian/Assistant Custodian	168,293	-	168,293	157,340	(10,953)
Custodial Overtime	6,986	-	6,986	6,965	(21)
Teacher Assistants Substitutes	2,000	-	2,000	220	(1,780)
School Nurse Substitutes	2,000	-	2,000	823	(1,177)
Office Substitutes	1,000	-	1,000	-	(1,000)
Custodial Substitutes	4,000	-	4,000	1,163	(2,837)
Total Non Certified Personnel	532,825	-	532,825	513,121	(19,704)
<u>Total Salaries</u>	<u>2,323,186</u>	<u>-</u>	<u>2,323,186</u>	<u>2,190,417</u>	<u>(132,769)</u>
<u>Employee Benefits:</u>					
Health Insurance	709,677	-	709,677	559,226	(150,451)
Social Security/Medicare	73,817	-	73,817	71,348	(2,469)
Pension Plan Classified	39,816	-	39,816	31,748	(8,068)
Annuity - Principal	3,546	-	3,546	3,546	-
Reimbursement Graduate Credits	1,800	-	1,800	1,701	(99)
Unemployment Compensation	1,000	-	1,000	1,362	362
Workers' Compensation	13,842	-	13,842	11,816	(2,026)
Life Insurance	4,589	-	4,589	4,731	142
<u>Total Employee Benefits</u>	<u>848,087</u>	<u>-</u>	<u>848,087</u>	<u>685,478</u>	<u>(162,609)</u>
<u>Purchased Services:</u>					
Professional / Educational					
Board of Education In-service	750	-	750	-	(750)
Assemblies & Student Activities	15,428	-	15,428	4,324	(11,104)
Licenses	12,600	-	12,600	2,783	(9,817)
In Service/Curriculum Dev, Staff Training	19,777	-	19,777	6,867	(12,910)
Public Relations	1,000	-	1,000	2,833	1,833
Middle School Sports & Act Program	18,933	-	18,933	-	(18,933)
School Physicians	600	-	600	1,250	650
Legal, Negotiation Fees, Contracts	5,000	-	5,000	-	(5,000)
Audit ED 001 Report, Cafeteria, All Audits	5,000	-	5,000	4,000	(1,000)
Technology Support Services	15,000	-	15,000	15,000	-
Total professional services	94,088	-	94,088	37,057	(57,031)

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
Purchased property services:					
Water and Sewer	8,480	-	8,480	6,372	(2,108)
Cleaning Services	2,500	-	2,500	-	(2,500)
Refuse Removal - Recycling	5,826	-	5,826	5,398	(428)
Upkeep of Grounds/Buildings	32,578	-	32,578	28,177	(4,401)
Service Office, AV, Music Equipment	7,867	-	7,867	7,263	(604)
Building repairs	234,524	-	234,524	264,357	29,833
Emergency	10,000	-	10,000	9,232	(768)
Scheduled Painting	15,000	-	15,000	9,044	(5,956)
Asbestos Removal/Mgmt. Plan/Testing	800	-	800	-	(800)
Total property services	317,575	-	317,575	329,843	12,268
Other Purchased Services					
All-Star Bus Contract	242,698	-	242,698	242,698	-
School Class Trips	17,925	-	17,925	1,149	(16,776)
Multi-peril Insurance	34,083	-	34,083	31,758	(2,325)
Student Athletic Insurance	400	-	400	426	26
Postage	2,500	-	2,500	90	(2,410)
Telephone	11,903	-	11,903	10,792	(1,111)
Advertising	585	-	585	1,507	922
Printing -Graduation Prog, diploma, etc.	1,200	-	1,200	195	(1,005)
Summer School Remedial	500	-	500	6,769	6,269
Staff Travel, Prof Memb, Conf-All Staff	8,250	-	8,250	1,716	(6,534)
Technology	39,475	-	39,475	77,555	38,080
Total other purchased services	359,519	-	359,519	374,655	15,136
<u>Total - Purchased Services</u>	<u>771,182</u>	<u>-</u>	<u>771,182</u>	<u>741,555</u>	<u>(29,627)</u>
<u>Supplies</u>					
Classroom Supplies	29,400	-	29,400	36,159	6,759
Art Supplies	3,150	-	3,150	3,242	92
Music Supplies	3,150	-	3,150	2,367	(783)
Physical Education Supplies	3,150	-	3,150	4,113	963
Test Materials	1,000	-	1,000	412	(588)
Consumable Workbooks	5,000	-	5,000	2,178	(2,822)
Medical Supplies	2,000	-	2,000	1,845	(155)
Audio Visual Materials	2,500	-	2,500	2,473	(27)
Computer Software -Internet Subscriptions	37,850	-	37,850	39,447	1,597
Office Supplies	8,250	-	8,250	13,383	5,133
Graduation Supplies	2,500	-	2,500	2,004	(496)
Custodial Supplies	31,845	-	31,845	34,760	2,915
Maintenance Supplies	35,312	-	35,312	48,062	12,750
Electricity	72,339	-	72,339	48,480	(23,859)
Heating Fuel	30,450	-	30,450	37,901	7,451
Diesel Fuel	22,550	-	22,550	22,585	35
Textbooks	13,000	-	13,000	6,633	(6,367)
Library Books	8,440	-	8,440	8,983	543
Library: Supplies/Periodicals	4,500	-	4,500	4,958	458
<u>Total Supplies</u>	<u>316,386</u>	<u>-</u>	<u>316,386</u>	<u>319,985</u>	<u>3,599</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Over (Under)
	Original	Transfers	Final	Actual	
<u>Property</u>					-
Equipment, Instructional	1,828	-	1,828	2,914	1,086
Equipment, Non-instructional	907	-	907	2,623	1,716
<u>Total Property</u>	<u>2,735</u>	<u>-</u>	<u>2,735</u>	<u>5,537</u>	<u>2,802</u>
<u>Dues and Fees</u>					
Education Connection	4,238	-	4,238	6,114	1,876
<u>Total Dues and Fees</u>	<u>4,238</u>	<u>-</u>	<u>4,238</u>	<u>6,114</u>	<u>1,876</u>
<u>Capital Expenses</u>					
Transfer Cafeteria	27,500	-	27,500	40,000	12,500
Capital Expense	50,000	-	50,000	354,228	304,228
<u>Total Capital Expenses</u>	<u>77,500</u>	<u>-</u>	<u>77,500</u>	<u>394,228</u>	<u>316,728</u>
<u>TOTAL SHARON BOARD OF EDUCATION</u>	<u>4,343,314</u>	<u>-</u>	<u>4,343,314</u>	<u>4,343,314</u>	<u>-</u>
<u>Region One</u>					
High School	1,612,327	-	1,612,327	1,605,680	(6,647)
Pupil Services	487,864	-	487,864	453,799	(34,065)
Administrative Services	112,332	-	112,332	110,172	(2,160)
<u>Total Region One</u>	<u>2,212,523</u>	<u>-</u>	<u>2,212,523</u>	<u>2,169,651</u>	<u>(42,872)</u>
<u>TOTAL EDUCATION EXPENDITURES</u>	<u>\$ 6,555,837</u>	<u>\$ -</u>	<u>\$ 6,555,837</u>	<u>\$ 6,512,965</u>	<u>\$ (42,872)</u>

TOWN OF SHARON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Town Aid Road Fund	School Cafeteria Fund	Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 372,986	\$ 4,754	\$ -	\$ 22,617	\$ 3,314	\$ 11,895	\$ 2,047
Investments	-	-	-	-	49,300	32,536	506,977
Inventory	-	827	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due From Other Governments	-	8,658	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>372,986</u>	<u>14,239</u>	<u>-</u>	<u>22,617</u>	<u>52,614</u>	<u>44,431</u>	<u>509,024</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 372,986</u>	<u>\$ 14,239</u>	<u>\$ -</u>	<u>\$ 22,617</u>	<u>\$ 52,614</u>	<u>\$ 44,431</u>	<u>\$ 509,024</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 85,664	\$ -	\$ -	\$ 593	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>85,664</u>	<u>-</u>	<u>-</u>	<u>593</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>							
Nonspendable	-	827	-	-	-	-	-
Restricted	287,322	13,412	-	22,024	52,614	44,431	-
Committed	-	-	-	-	-	-	509,024
Unassigned	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>287,322</u>	<u>14,239</u>	<u>-</u>	<u>22,024</u>	<u>52,614</u>	<u>44,431</u>	<u>509,024</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 372,986</u>	<u>\$ 14,239</u>	<u>\$ -</u>	<u>\$ 22,617</u>	<u>\$ 52,614</u>	<u>\$ 44,431</u>	<u>\$ 509,024</u>

TOWN OF SHARON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	67 Main Street Fund	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
<u>ASSETS</u>								
Cash and cash equivalents	\$ 60,622	\$ 11,816	\$ 593	\$ 13,789	\$ 49,014	\$ 41,495	\$ 12,902	\$ 607,844
Investments	-	-	-	-	-	-	-	588,813
Inventory	-	-	-	-	-	-	-	827
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	8,658
<u>TOTAL ASSETS</u>	<u>60,622</u>	<u>11,816</u>	<u>593</u>	<u>13,789</u>	<u>49,014</u>	<u>41,495</u>	<u>12,902</u>	<u>1,206,142</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 60,622</u>	<u>\$ 11,816</u>	<u>\$ 593</u>	<u>\$ 13,789</u>	<u>\$ 49,014</u>	<u>\$ 41,495</u>	<u>\$ 12,902</u>	<u>\$1,206,142</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities:</u>								
Accounts Payable	\$ -	\$ 1,890	\$ -	\$ 930	\$ 3,011	\$ -	\$ -	92,088
Due to Other Funds	-	-	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>1,890</u>	<u>-</u>	<u>930</u>	<u>3,011</u>	<u>-</u>	<u>-</u>	<u>92,088</u>
<u>Fund Balances:</u>								
Nonspendable	-	-	-	-	-	-	-	827
Restricted	-	-	-	-	-	-	-	419,803
Committed	60,622	9,926	593	12,859	46,003	41,495	12,902	693,424
Unassigned	-	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>60,622</u>	<u>9,926</u>	<u>593</u>	<u>12,859</u>	<u>46,003</u>	<u>41,495</u>	<u>12,902</u>	<u>1,114,054</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 60,622</u>	<u>\$ 11,816</u>	<u>\$ 593</u>	<u>\$ 13,789</u>	<u>\$ 49,014</u>	<u>\$ 41,495</u>	<u>\$ 12,902</u>	<u>\$1,206,142</u>

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, 2021

	Town Aid Road Fund	School Cafeteria Fund	Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
Revenues:							
Intergovernmental	\$ 360,508	\$ 42,224	\$ 134,274	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	1,232	-	-	-
Investment Income	140	-	-	-	680	492	135,892
Other Income	-	-	-	11,380	-	6,343	-
Sales	-	998	-	-	-	-	-
Total Revenues	360,648	43,222	134,274	12,612	680	6,835	135,892
Expenditures:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	433,681	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	7,362	-	5,877	-
Debt Service	-	-	-	-	-	-	-
Education	-	79,411	111,293	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	433,681	79,411	111,293	7,362	-	5,877	-
Excess of Revenues Over (Under)							
Expenditures	(73,033)	(36,189)	22,981	5,250	680	958	135,892
Other Financing Sources (Uses):							
Operating Transfers In	-	40,000	-	-	-	-	-
Operating Transfers Out	-	-	(22,981)	-	-	-	(8,260)
Total Other Financing Sources (Uses)	-	40,000	(22,981)	-	-	-	(8,260)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(73,033)	3,811	-	5,250	680	958	127,632
Fund Balances Beginning of Year	360,355	10,428	-	16,774	51,934	43,473	381,392
Fund Balances End of Year	\$ 287,322	\$ 14,239	\$ -	\$ 22,024	\$ 52,614	\$ 44,431	\$ 509,024

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, 2021

	67 Main Street Fund	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
Revenues:								
Intergovernmental	\$ -	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 542,506
Contributions	-	-	-	-	-	-	-	1,232
Investment Income	48	11	12	14	55	40	12	137,396
Other Income	21,450	4,372	-	4,438	-	-	-	47,983
Sales	-	-	-	-	-	-	-	998
Total Revenues	21,498	9,883	12	4,452	55	40	12	730,115
Expenditures:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	9,642	-	-	-	9,642
Public Works	-	-	-	-	25,937	-	-	459,618
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	678	7,451	21,665	-	-	-	-	43,033
Debt Service	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	190,704
Capital Outlay	-	-	-	-	-	2,461	-	2,461
Total Expenditures	678	7,451	21,665	9,642	25,937	2,461	-	705,458
Excess of Revenues Over (Under)								
Expenditures	20,820	2,432	(21,653)	(5,190)	(25,882)	(2,421)	12	24,657
Other Financing Sources (Uses):								
Operating Transfers In	-	1,000	15,000	2,000	35,000	10,000	5,000	108,000
Operating Transfers Out	-	(1,890)	-	-	-	-	-	(33,131)
Total Other Financing Sources (Uses)	-	(890)	15,000	2,000	35,000	10,000	5,000	74,869
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	20,820	1,542	(6,653)	(3,190)	9,118	7,579	5,012	99,526
Fund Balances Beginning of Year	39,802	8,384	7,246	16,049	36,885	33,916	7,890	1,014,528
Fund Balances End of Year	\$ 60,622	\$ 9,926	\$ 593	\$ 12,859	\$ 46,003	\$ 41,495	\$ 12,902	\$ 1,114,054

TOWN OF SHARON
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2021

Total tax collection including interest and lien fees
for prior fiscal year

\$ 10,741,591

Reimbursement for revenue loss on
Tax relief for elderly for prior fiscal year

2,276

Base

\$ 10,743,867

	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$ 24,173,701	\$ -	\$ -	\$ -
4-1/2 times base	-	48,347,402	-	-
3-3/4 times base	-	-	40,289,501	-
3-1/4 times base	-	-	-	34,917,568
Total debt limitation	<u>24,173,701</u>	<u>48,347,402</u>	<u>40,289,501</u>	<u>34,917,568</u>
Indebtedness:				
Bonds payable	4,642,000	-	-	-
Notes Payable	661,528	-	-	-
Regional School District #1 town share	-	-	-	-
balance as of prior fiscal year	-	451,057	-	-
Sewer Bonds & Notes	-	-	258,885	-
Total indebtedness	<u>5,303,528</u>	<u>451,057</u>	<u>258,885</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 18,870,173</u>	<u>\$ 47,896,345</u>	<u>\$ 40,030,616</u>	<u>\$ 34,917,568</u>
Total capacity of borrowing (7 times base)		\$ 75,207,069		
Total present indebtedness		<u>6,013,470</u>		
Margin for additional borrowing		<u>\$ 69,193,599</u>		

TOWN OF SHARON
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Grand List Year	Balances 6/30/2020	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Transfers To Suspense	Balances 6/30/2021
			Additions	Deductions		Taxes	Interest	Liens	Total		
2019	\$ -	\$ 10,618,082	\$ 2,478	\$ 5,741	\$ 10,614,819	\$ 10,434,587	\$ 40,082	\$ -	10,474,669	\$ 25	\$ 180,207
2018	199,142	-	-	441	198,701	133,972	18,349	1,464	153,785	-	64,729
2017	76,225	-	-	-	76,225	24,050	9,989	312	34,351	-	52,175
2016	55,946	-	-	-	55,946	15,925	8,107	120	24,152	-	40,021
2015	50,279	-	-	-	50,279	10,112	8,185	72	18,369	-	40,167
2014	36,085	-	-	-	36,085	11,058	10,394	72	21,524	-	25,027
2013	32,860	-	-	-	32,860	8,924	10,082	48	19,054	-	23,936
2012	33,442	-	-	-	33,442	8,865	11,620	48	20,533	-	24,577
2011	39,467	-	-	-	39,467	8,570	10,883	48	19,501	-	30,897
2010	34,107	-	-	-	34,107	7,933	11,024	48	19,005	-	26,174
2009	27,791	-	-	-	27,791	7,079	13,206	24	20,309	-	20,712
2008	16,849	-	-	-	16,849	1,817	6,792	24	8,633	-	15,032
2007	9,936	-	-	-	9,936	-	-	-	-	-	9,936
2006	9,126	-	-	-	9,126	-	-	-	-	-	9,126
2005	8,641	-	-	-	8,641	-	-	-	-	-	8,641
2004	7,024	-	-	-	7,024	-	-	-	-	7,024	-
Totals	<u>\$ 636,920</u>	<u>\$ 10,618,082</u>	<u>\$ 2,478</u>	<u>\$ 6,182</u>	<u>\$ 11,251,298</u>	<u>\$ 10,672,892</u>	<u>\$ 158,713</u>	<u>\$ 2,280</u>	<u>\$ 10,833,885</u>	<u>\$ 7,049</u>	<u>\$ 571,357</u>

TOWN OF SHARON
SCHEDULE OF DEBT
Year Ended June 30, 2021

	General Fund				Transfer Station		Capital Reserve Fund			Enterprise Fund			
	2016/17 Caterpillar Motor Grader	2016/17 Daimler Freightliner	2016 General Obligation Bonds	2021 USDA General Obligation Bond	Bond Anticipation Note	2020/2021 Volvo Loader	2019/20 Ford F550	2018/19 2 Freightliner Loan	2015/16 Freightliner Loan	2005 Drinking Water Fund	2001 Clean Water Fund	2010 Sewer Loan	Totals
Long Term Debt Payable July 1, 2020	\$ 52,599	\$ 84,311	\$ 3,635,000	\$ -	\$ 2,160,883	\$ -	\$ 117,097	\$ 266,160	\$ 38,770	\$ 91,568	\$ 32,750	\$ 134,567	\$ 6,613,705
Issuances of New Debt	-	-	-	1,567,000	-	144,893	-	-	-	-	-	-	1,711,893
Payments During Year	(52,599)	(41,303)	(560,000)	-	(2,160,883)	(6,853)	(24,069)	(50,167)	(38,770)	(25,383)	(32,750)	(29,293)	(3,022,070)
Long Term Debt Payable July 1, 2021	<u>\$ -</u>	<u>\$ 43,008</u>	<u>\$ 3,075,000</u>	<u>\$ 1,567,000</u>	<u>\$ -</u>	<u>\$ 138,040</u>	<u>\$ 93,028</u>	<u>\$ 215,993</u>	<u>\$ -</u>	<u>\$ 66,185</u>	<u>\$ -</u>	<u>\$ 105,274</u>	<u>\$ 5,303,528</u>
Maturities by Fiscal Years Ending June 30:													
2022	-	43,008	530,000	30,448	-	27,833	24,616	51,727	-	25,999	-	29,969	763,600
2023	-	-	525,000	30,828	-	28,475	25,175	53,336	-	26,630	-	30,659	720,103
2024	-	-	515,000	31,213	-	29,128	25,750	54,995	-	13,556	-	31,365	701,007
2025	-	-	510,000	31,604	-	29,802	17,487	55,935	-	-	-	13,281	658,109
2026	-	-	500,000	31,999	-	22,802	-	-	-	-	-	-	554,801
Thereafter	-	-	495,000	1,410,908	-	-	-	-	-	-	-	-	1,905,908
	<u>\$ -</u>	<u>\$ 43,008</u>	<u>\$ 3,075,000</u>	<u>\$ 1,567,000</u>	<u>\$ -</u>	<u>\$ 138,040</u>	<u>\$ 93,028</u>	<u>\$ 215,993</u>	<u>\$ -</u>	<u>\$ 66,185</u>	<u>\$ -</u>	<u>\$ 105,274</u>	<u>\$ 5,303,528</u>



**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, 2021, 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 22, 2021.

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 22, 2021



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, 2021. 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, 2021.

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 22, 2021 Canaan,
Connecticut

**TOWN OF SHARON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program CORE-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Office of Policy and Management:</u>			
Property tax relief on property of totally disabled persons	11000-OPM20600-17011	\$ -	\$ 33
Property tax relief for Veterans	11000-OPM20600-17024	-	2,160
Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-17004	-	13,010
		-	15,203
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	-	140
<u>Department of Transportation:</u>			
Town aid road grants transportation fund	12052-DOT57131-43455	-	180,249
Town aid road grants transportation fund - STO	13033-DOT57131-43459	-	180,249
		-	360,498
<u>Connecticut State Library</u>			
Historic documents preservation grant	12060-CSL66094-35150	-	5,500
<u>Department of Education:</u>			
Child Nutrition Program	11000-SDE64370-16211	-	457
School Breakfast	11000-SDE64370-17046	-	2,716
Healthy Foods Initiative	11000-SDE64370-16212	-	859
Talent Development	11000-SDE64370-12552	-	430
		-	4,462
<u>Total State Financial Assistance Before Exempt Programs</u>		-	385,803
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	13,437
<u>Office of Policy and Management</u>			
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	-	2,001
<u>Total Exempt Programs</u>		-	15,438
<u>Total State Financial Assistance</u>		\$ -	\$ 401,241

TOWN OF SHARON

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) 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(s) identified	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

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
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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 grants transportation fund	12052-DOT57131-43455	\$ 180,249
Town aid road grants transportation fund - STO	13033-DOT57131-43459	\$ 180,249

Dollar threshold used to distinguish between type A and type B programs: \$100,000

II - FINANCIAL STATEMENTS FINDINGS

No Matters were reported

III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No Matters were reported