

TOWN OF SHARON
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2020



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, 2020, 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, 2020, 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 28, 2020, on our consideration of the Town of Sharon CT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sharon CT's internal control over financial reporting and compliance.



Sinnamon & Associates, LLC
Certified Public Accountants

December 28, 2020
Canaan Connecticut

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

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, 2020. 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 \$25,850,623 exceeded its liabilities at June 30, 2020, resulting in a total net position of \$18,846,755. Unrestricted net position was \$9,523,100 and was available to meet ongoing government obligations. Of that amount \$9,306,561 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resources basis, combined ending fund balance is \$5,245,261, a decrease of \$1,621,443 for the year. The General Fund operating increase for the year was \$152,017 vs. an adjusted budgeted decrease of \$587,939. The General Fund balance was \$3,098,400, of which \$967,106 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$2,131,294 or 19 % 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, 2020

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.

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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 \$18,846,755 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 \$1,160,399 during the current fiscal year.

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

NET POSITION - June 30, 2020 and June 30, 2019

	6/30/2020 Net Position			6/30/2019 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
ASSETS						
Current and Other Assets	\$ 6,163,157	\$ 356,539	\$ 6,519,696	\$ 7,803,184	\$ 412,872	\$ 8,216,056
Capital Assets	14,405,342	4,470,313	18,875,655	12,149,148	4,543,358	16,692,506
Non Current Assets	455,272	-	455,272	483,486	-	483,486
TOTAL ASSETS	21,023,771	4,826,852	25,850,623	20,435,818	4,956,230	25,392,048
LIABILITIES						
Current Liabilities	3,292,309	87,426	3,379,735	1,051,019	106,605	1,157,624
Non Current Liabilities	3,427,029	171,459	3,598,488	6,237,723	273,073	6,510,796
TOTAL LIABILITIES	6,719,338	258,885	6,978,223	7,288,742	379,678	7,668,420
DEFERRED INFLOWS	25,645	-	25,645	37,212	-	37,212
NET POSITION						
Net Investment in Capital Assets	4,972,227	4,211,428	9,183,655	4,504,116	4,233,455	8,737,571
Restricted for Capital Improvements	-	140,000	140,000	-	140,000	140,000
Unrestricted	9,306,561	216,539	9,523,100	8,605,748	203,097	8,808,845
TOTAL NET POSITION	\$ 14,278,788	\$ 4,567,967	\$ 18,846,755	\$ 13,109,864	\$ 4,576,552	\$ 17,686,416

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

CHANGES IN NET POSITION - June 30, 2020 and June 30, 2019

	June 30, 2020			June 30, 2019		
	Changes in Net Position			Changes in Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 459,242	\$ 509,083	\$ 968,325	\$ 378,382	\$ 508,390	\$ 886,772
Operating grants and contributions	1,261,950	-	1,261,950	737,902	-	737,902
Capital grants and contributions	622,000	-	622,000	-	-	-
General Revenues:						
Property Taxes	10,676,612	-	10,676,612	11,193,190	-	11,193,190
Grants and contributions, unrestricted	33,330	-	33,330	58,516	-	58,516
Other Revenues	86,848	12,006	98,854	147,754	20,410	168,164
Total Revenues	13,139,982	521,089	13,661,071	12,515,744	528,800	13,044,544
Expenses						
General Government	\$ 1,384,141	\$ -	1,384,141	\$ 1,396,128	\$ -	1,396,128
Public Safety	323,670	-	323,670	329,762	-	329,762
Public Works	2,027,819	-	2,027,819	2,219,181	-	2,219,181
Health Department	96,738	-	96,738	80,190	-	80,190
Parks and Recreation	223,225	-	223,225	205,738	-	205,738
Miscellaneous	442,161	-	442,161	424,465	-	424,465
Board of Education	7,386,288	-	7,386,288	7,097,333	-	7,097,333
Sewer and Water Commission	-	519,061	519,061	-	552,301	552,301
Interest on Long Term Debt	87,016	10,613	97,629	36,939	14,019	50,958
Total Expenses	11,971,058	529,674	12,500,732	11,789,736	566,320	12,356,056
Change in Net Position	1,168,924	(8,585)	1,160,339	726,008	(37,520)	688,488
Net Position, beginning	13,109,864	4,576,552	17,686,416	12,383,856	4,614,072	16,997,928
Net Position, ending	\$ 14,278,788	\$ 4,567,967	\$ 18,846,755	\$ 13,109,864	\$ 4,576,552	\$ 17,686,416

Governmental Activities.

Approximately 81% of the revenues were derived from property taxes, followed by 14.3% from operating and capital grants, 3.5% from service charges, and 1.2% from grants and investment earnings. Detailed revenue information can be found on page 52.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 62% of the Town's expenses relate to education, 17% relate to public works, 11% for general government and 10% for all other activities.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

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 OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2020

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 \$3,098,400. Of this total fund balance, \$967,106 is assigned and committed. The remaining balance of \$2,131,294 is unassigned.

The fund balance of the Town's General Fund increased by \$152,017 during the current fiscal year, compared to an expected decrease of \$587,939.

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 51 - 56 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, 2020 amounted to \$14,405,342. This investment in capital assets included land, buildings and system improvements, machinery and equipment and vehicles.

CAPITAL ASSETS, Net of Depreciation
June 30, 2020 and June 30, 2019

	<u>Governmental Activities</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land and Construction in Progress	\$ 3,078,295	\$ 653,804
Buildings and improvements	4,366,607	4,198,682
Machinery and equipment	966,091	1,154,157
Infrastructure	<u>5,994,349</u>	<u>6,142,505</u>
Total	<u>\$ 14,405,342</u>	<u>\$ 12,149,148</u>

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding debt of \$6,354,820 related to governmental activities and \$258,885 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 increase of \$636,408 during the current fiscal year reflecting the new borrowings of \$125,000 for equipment, 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.

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
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The Water and Sewer Commission total debt had a net decrease of \$120,793 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 \$77,342,650 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 64 of this report.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

The Towns of Salisbury and Sharon have appointed a Transfer Station Building Committee, which has decided on a design for the new facility. This design has been given to the Towns and has been approved. Construction is expected to be completed during the fiscal year ending June 30, 2021. Costs will be allocated to each town and will be funded by a combination of town funds, grants and a USDA loan. The town funded \$284,117 of this from general fund reserves in the 2019/20 year and borrowed \$2,160,883 on a bond anticipation note to finance the ongoing construction work in progress. As of June 30, 2020 the town appropriated an additional \$324,750 from general fund reserves towards the completion of this project.

The management of the Town of Sharon considered the following in preparation of the 2020/2021 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 2020-2021 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, 2020

	Primary Government		Total
	Governmental Activities	Buisness-Type Activities	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,989,975	\$ 204,678	\$ 5,194,653
Investments	464,511	-	464,511
Inventory	59,402	-	59,402
Prepaid Expenses	-	-	-
Receivables:			
Property Taxes	636,920	-	636,920
Accounts Receivable	4,900	151,861	156,761
Accrued interest and fees on property tax	455,272	-	455,272
Due From Other Governments	7,449	-	7,449
Capital Assets, not being depreciated	3,078,295	69,775	3,148,070
Capital Assets, net of accumulated depreciation	11,327,047	4,400,538	15,727,585
<u>TOTAL ASSETS</u>	<u>\$ 21,023,771</u>	<u>\$ 4,826,852</u>	<u>\$ 25,850,623</u>
<u>LIABILITIES</u>			
Accounts and Other Payables	\$ 229,425	\$ -	\$ 229,425
Security Deposit	1,000	-	1,000
Due to State	104,208	-	104,208
Accrued Compensated Absences, due within one year	29,885	-	29,885
Noncurrent Liabilities Bonds & Notes Payable:			
Due within one year	2,927,791	87,426	3,015,217
Due in more than one year	3,427,029	171,459	3,598,488
<u>TOTAL LIABILITIES</u>	<u>6,719,338</u>	<u>258,885</u>	<u>6,978,223</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance Tax Collections	25,645	-	25,645
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,972,227	4,211,428	9,183,655
Restricetd Net Postion	-	140,000	140,000
Unrestricted	9,306,561	216,539	9,523,100
<u>TOTAL NET POSITION</u>	<u>14,278,788</u>	<u>4,567,967</u>	<u>18,846,755</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND AND NET POSITION</u>	<u>\$ 21,023,771</u>	<u>\$ 4,826,852</u>	<u>\$ 25,850,623</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ (1,384,141)	\$ 135,771	\$ 5,500	\$ -	\$ (1,242,870)	\$ -	\$ (1,242,870)
Public Safety	(323,670)	-	-	-	(323,670)	-	(323,670)
Public Works	(2,027,819)	164,178	360,168	622,000	(881,473)	-	(881,473)
Health Welfare	(96,738)	2,503	-	-	(94,235)	-	(94,235)
Parks and Recreation	(223,225)	11,377	-	-	(211,848)	-	(211,848)
Miscellaneous	(281,241)	132,355	-	-	(148,886)	-	(148,886)
Additional Budget Appropriations	(160,920)	-	-	-	(160,920)	-	(160,920)
Interest on Long Term Debt	(87,016)	-	-	-	(87,016)	-	(87,016)
Education	(7,386,288)	13,058	896,282	-	(6,476,948)	-	(6,476,948)
<u>Total Governmental Activities</u>	<u>(11,971,058)</u>	<u>459,242</u>	<u>1,261,950</u>	<u>622,000</u>	<u>(9,627,866)</u>	<u>-</u>	<u>(9,627,866)</u>
<u>Business Type Activities</u>							
Sewer and Water Commission	(529,674)	509,083	-	-	-	(20,591)	(20,591)
<u>Total Primary Government</u>	<u>(12,500,732)</u>	<u>\$ 968,325</u>	<u>\$ 1,261,950</u>	<u>\$ 622,000</u>	<u>(9,627,866)</u>	<u>(20,591)</u>	<u>(9,648,457)</u>
<u>General Revenues:</u>							
Property taxes					10,676,612	-	10,676,612
Grants and contributions not restricted to specific programs					33,330	-	33,330
Unrestricted investment earnings					86,848	12,006	98,854
<u>Total General Revenues</u>					<u>10,796,790</u>	<u>12,006</u>	<u>10,808,796</u>
<u>Change in net position</u>					<u>1,168,924</u>	<u>(8,585)</u>	<u>1,160,339</u>
<u>Net position beginning of year</u>					<u>13,109,864</u>	<u>4,576,552</u>	<u>17,686,416</u>
<u>Net position end of year</u>					<u>\$ 14,278,788</u>	<u>\$ 4,567,967</u>	<u>\$ 18,846,755</u>

The accompanying notes are an integral part of these financial statements
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TOWN OF SHARON
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital and Non-Recurring Fund	Transfer Station Capital Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,105,579	\$ 815,841	\$ 510,517	\$ 558,038	\$ 4,989,975
Investments	-	-	-	464,511	464,511
Inventory and Prepaid	-	58,445	-	957	59,402
Receivables:					
Property Taxes	636,920	-	-	-	636,920
Accounts Receivable	4,900	-	-	-	4,900
Due From Other Funds	408,123	141,413	-	-	549,536
Due From Other Governments	-	-	-	7,449	7,449
TOTAL ASSETS	4,155,522	1,015,699	510,517	1,030,955	6,712,693
DEFERRED OUTFLOWS OF RESOURCES					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,155,522	\$ 1,015,699	\$ 510,517	\$ 1,030,955	\$ 6,712,693
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts and Other Payables	\$ 227,238	-	-	\$ 2,187	\$ 229,425
Due to Other Funds	141,413	-	393,883	14,240	549,536
Security Deposit	1,000	-	-	-	1,000
Performance Bonds	104,208	-	-	-	104,208
TOTAL LIABILITIES	473,859	-	393,883	16,427	884,169
DEFERRED INFLOWS OF RESOURCES					
Advance Tax Collections	25,645	-	-	-	25,645
Unavailable Revenue - property taxes	557,618	-	-	-	557,618
TOTAL DEFERRED INFLOWS OF RESOURCES	583,263	-	-	-	583,263
FUND BALANCES					
Nonspendable	-	-	-	957	957
Restricted	-	-	-	482,007	482,007
Committed	671,848	1,015,699	116,634	531,564	2,335,745
Assigned	295,258	-	-	-	295,258
Unassigned	2,431,294	-	-	-	2,431,294
TOTAL FUND BALANCES	3,098,400	1,015,699	116,634	1,014,528	5,245,261
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,155,522	\$ 1,015,699	\$ 510,517	\$ 1,030,955	\$ 6,712,693

TOWN OF SHARON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

<u>Total fund balances for governmental funds</u>	\$ 5,245,261
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	14,405,342
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	557,618
Interest receivable on property taxes	455,272
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	(29,885)
General Obligation Bonds & Notes Payable	(6,354,820)
<u>Net position of governmental activities</u>	\$ 14,278,788

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, 2020

	General Fund	Capital Reserve Fund	Transfer Station Capital Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 10,786,044	\$ -	\$ -	\$ -	\$ 10,786,044
Intergovernmental	831,403	-	450,000	635,877	1,917,280
Investment Income	45,682	7,309	18,164	15,693	86,848
Licenses Fees and Charges	-	-	-	-	-
Other Revenue	409,961	-	-	35,357	445,318
Contributions	-	-	-	866	866
Sales	-	-	-	13,058	13,058
Total Revenues	12,073,090	7,309	468,164	700,851	13,249,414
Expenditures:					
Current:					
General Government	1,325,337	-	-	-	1,325,337
Public Safety	316,466	-	-	7,204	323,670
Public Works	1,390,574	-	-	304,451	1,695,025
Health Department	96,738	-	-	-	96,738
Parks and Recreation	223,225	-	-	-	223,225
Miscellaneous	236,539	-	-	-	236,539
Additional Budget Appropriations	160,920	-	-	-	160,920
Debt Service	642,317	206,107	-	-	848,424
Education	7,134,108	-	-	146,373	7,280,481
Capital Outlay	-	134,240	2,424,491	202,065	2,760,796
Total Expenditures	11,526,224	340,347	2,424,491	704,795	14,995,857
Excess (deficiency) of Revenues Over Expenditures	546,866	(333,038)	(1,956,327)	(3,944)	(1,746,443)
Other Financing Sources (Uses):					
Proceeds From Borrowing	-	125,000	-	-	125,000
Transfers In	14,240	301,377	-	109,275	424,892
Transfers Out	(409,089)	-	-	(15,803)	(424,892)
Total Other Financing sources (Uses):	(394,849)	426,377	-	93,472	125,000
Net Change in Fund Balances	152,017	93,339	(1,956,327)	89,528	(1,621,443)
Fund Balances Beginning of Year	2,946,383	922,360	2,072,961	925,000	6,866,704
Fund Balances End of Year	\$ 3,098,400	\$ 1,015,699	\$ 116,634	\$ 1,014,528	\$ 5,245,261

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, 2020

Net change in fund balances for governmental funds \$ (1,621,443)

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	2,760,796	
Depreciation expense	(504,602)	
Net adjustment	<u>2,256,194</u>	2,256,194

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (109,432)

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 (125,000)

Change in Accrued Compensated Absences reported in statement of activities but not in fund statements 7,197

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 761,408

Change in net position of governmental activities \$ 1,168,924

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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Property Taxes	\$10,509,722	\$10,509,722	\$10,786,044	\$ 276,322
Intergovernmental	40,794	40,794	45,530	4,736
Other Revenues	256,950	256,950	424,201	167,251
Interest Investments	30,000	30,000	45,682	15,682
Total Revenues	10,837,466	10,837,466	11,301,457	463,991
Expenditures:				
General Government	1,464,919	1,455,762	1,351,487	104,275
Public Safety	338,735	339,194	324,741	14,453
Public Works	1,590,148	1,596,118	1,490,574	105,544
Health Department	84,403	100,225	96,738	3,487
Parks and Recreation	251,491	256,157	233,225	22,932
Miscellaneous	247,364	265,604	264,714	890
Additional Budget Appropriations	-	179,000	160,920	18,080
Debt Service	677,368	677,368	677,317	51
Education	6,555,977	6,555,977	6,542,899	13,078
Total Expenditures	11,210,405	11,425,405	11,142,615	282,790
Excess of Revenues Over (Under) Expenditures	(372,939)	(587,939)	158,842	746,781
Other Financing Sources (Uses):				
Change in Encumbrances	-	-	(6,825)	(6,825)
Total Other Financing Sources (Uses)	-	-	(6,825)	(6,825)
Net Change In Fund Balance	\$ (372,939)	\$ (587,939)	152,017	\$ 739,956
Fund Balance - Beginning Of Year			2,946,383	
Fund Balance - End Of Year			\$ 3,098,400	

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

		Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	204,678
Accounts Receivable, Net of Allowance		151,861
Prepaid Expenses		-
Capital Assets, Net of Accumulated Depreciation		
Land		69,775
Utility Plant, Net of Depreciation		<u>4,400,538</u>
<u>TOTAL ASSETS</u>	<u>\$</u>	<u>4,826,852</u>
<u>LIABILITIES</u>		
Accounts and Other Payables	\$	-
Noncurrent Liabilities Bonds Payable:		
Due within one year		87,426
Due in more than one year		<u>171,459</u>
<u>TOTAL LIABILITIES</u>		<u>258,885</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets		4,211,428
Restricted for Capital Improvements		140,000
Unrestricted		<u>216,539</u>
<u>TOTAL NET POSITION</u>		<u>4,567,967</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$</u>	<u>4,826,852</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, 2020

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water Commission
<u>Operating Revenue</u>	
Water Sales	\$ 352,515
Sewer Services	156,568
<u>Total Operating Revenues</u>	509,083
<u>Operating Expenses</u>	
Operations Services	189,335
Chemicals	3,520
Depreciation	196,293
Electric	17,490
Repairs and Maintenance	28,039
Supplies	6,599
Telephone	3,009
Fuel	7,216
Other Costs	610
Professional Services	3,644
Wages and Payroll Taxes	20,352
Insurance	13,904
Lab Fees	15,217
Sewer Bed Cleaning	14,482
Meters	772
<u>Total Expenditures</u>	520,482
<u>Operating Income (Loss)</u>	(11,399)
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	1,393
Finance Charge Revenue	10,613
Interest Expense	(9,192)
<u>Total Non-Operating Revenues (Expenses)</u>	2,814
<u>Change In Net Position</u>	(8,585)
<u>Net Position, Beginning</u>	4,576,552
<u>Net Position, Ending</u>	\$ 4,567,967

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, 2020

	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	\$ 518,133
Cash Payments to Suppliers	(264,858)
Cash Payments to Employees and Professional	(23,996)
<u>Net Cash Provided by Operating Activities</u>	<u>229,279</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(120,793)
Capital Additions	(53,473)
Interest Paid	(9,192)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>(183,458)</u>
<u>Cash Flows From Investing Activities</u>	
Receipts of Interest	1,393
<u>Net Cash Provided by Investing Activities</u>	<u>1,393</u>
<u>Net Increase (Decrease) in Cash</u>	47,214
<u>Cash, Beginning of Year</u>	<u>157,464</u>
<u>Cash, End of Year</u>	<u>\$ 204,678</u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (11,399)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	196,293
Receipt of Other Revenue	10,613
(Increase) Decrease in Accounts Receivable	(1,563)
(Increase) Decrease in Prepaid Expenses	35,335
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 229,279</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, 2020

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 18,981	\$ 18,981
Receivables	88,763	-	88,763
Investments	<u>1,447,179</u>	<u>-</u>	<u>1,447,179</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,535,942</u>	<u>\$ 18,981</u>	<u>\$ 1,554,923</u>
<u>LIABILITIES</u>			
Due to beneficiaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Restricted for Pensions	1,535,942	-	1,535,942
Restricted for Individuals and Organizations	<u>-</u>	<u>18,981</u>	<u>18,981</u>
<u>TOTAL NET POSITION</u>	<u>1,535,942</u>	<u>18,981</u>	<u>1,554,923</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 1,535,942</u>	<u>\$ 18,981</u>	<u>\$ 1,554,923</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, 2020

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>Additions</u>			
<u>Contributions</u>			
Employer	\$ 90,409	\$ -	\$ 90,409
Employee	94,544	-	94,544
Events and Activities	-	11,902	11,902
<u>Total Contributions</u>	<u>184,953</u>	<u>11,902</u>	<u>196,855</u>
<u>Investment Income</u>			
Dividends and Interest	66,198	-	66,198
<u>Total Investment Income</u>	<u>66,198</u>	<u>-</u>	<u>66,198</u>
<u>Total Additions</u>	<u>251,151</u>	<u>11,902</u>	<u>263,053</u>
<u>Deductions</u>			
Benefits Paid	83,330	-	83,330
Plan Administration	20,238	-	20,238
Events and Activities	-	14,511	14,511
<u>Total Deductions</u>	<u>103,568</u>	<u>14,511</u>	<u>118,079</u>
<u>Change in Net Position</u>	<u>147,583</u>	<u>(2,609)</u>	<u>144,974</u>
<u>Net Position Beginning, as restated</u>	<u>1,388,359</u>	<u>21,590</u>	<u>1,409,949</u>
<u>Net Position Ending</u>	<u>\$ 1,535,942</u>	<u>\$ 18,981</u>	<u>\$ 1,554,923</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 lien-ed each year prior to June 30, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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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
JUNE 30, 2020

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	\$ 11,301,457	\$ 11,142,615
State on-behalf payments for Teachers Retirement and OPEB	785,873	785,873
Change in Encumbrances	-	6,825
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	(14,240)	(409,089)
Total GAAP Basis	<u>\$ 12,073,090</u>	<u>\$ 11,526,224</u>

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents at June 30, 2020, consisted of:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 3,105,580	\$ 3,308,539
Capital and Non-Recurring Fund	815,841	814,278
Transfer Station Capital Fund	510,517	510,517
Nonmajor Governmental Funds	638,716	649,708
Sewer and Water Commission	204,678	211,720
Custodial Funds	18,981	18,981
Total Deposits	<u>5,294,313</u>	<u>5,513,743</u>
Less Certificates of deposit classified as investments	(80,678)	(80,678)
Total Cash and Cash Equivalents	<u>\$ 5,213,635</u>	<u>\$ 5,433,065</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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The Town does not have a deposit policy for custodial credit risk. As of June 30, 2020, \$4,431,473 of the Town's bank balance of \$5,513,743 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	3,919,674
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name		511,799
	\$	<u>4,431,473</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, 2020, consisted of:

	<u>Fair Market Value</u>	<u>Maturity not Available</u>	<u>Less than 1 Year</u>	<u>1- 5 Years</u>	<u>5 - 10 Years</u>
Nonmajor Funds					
Certificates of deposit	\$ 80,678	\$ -	\$ -	\$ 80,678	\$ -
Corporate stock	328,329	328,329	-	-	-
Bond funds	55,504	55,504	-	-	-
	<u>464,511</u>	<u>383,833</u>	<u>-</u>	<u>80,678</u>	<u>-</u>
Pension trust fund					
Held by Administrator	1,447,179	1,447,179	-	-	-
	<u>\$ 1,911,690</u>	<u>\$ 1,831,012</u>	<u>\$ -</u>	<u>\$ 80,678</u>	<u>\$ -</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	June 30, 2020	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	\$ 1,447,179	\$ 1,447,179	\$ -	\$ -
Publicly traded equity investments	464,511	464,511		
	<u>\$ 1,911,690</u>	<u>\$ 1,911,690</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
JUNE 30, 2020

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, 2020.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2020 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	\$ 636,920	\$ -	\$ -	\$ 636,920
Interest due on taxes	455,272	-	-	455,272
Grants Receivable	-	7,449		7,449
Accounts Receivable	4,900	-	151,861	156,761
Total Receivables	\$ 1,097,092	\$ 7,449	\$ 151,861	\$ 1,256,402

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2020, interfund receivables and payables that resulted from various interfund transactions were as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 408,123	\$ 141,413
Cemetery Fund	\$ -	\$ 14,240
Transfer Station Capital Fund	-	393,883
Capital Non-Recurring Fund	<u>141,413</u>	<u>-</u>
 Total	 <u>\$ 549,536</u>	 <u>\$ 549,536</u>

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 14,240	\$ 409,089
Capital Non-Recurring Fund	301,377	-
School Cafeteria Fund	35,000	-
Sharon Cemetery Fund	-	14,240
Town Clerk Preservation Fund	1,000	1,563
Amenia Landfill Fund	35,000	-
Tree Committee	15,000	-
Dog Fund	8,275	-
Green Rehab Fund	10,000	-
Revaluation Fund	<u>5,000</u>	<u>-</u>
 Total	 <u>\$ 424,892</u>	 <u>\$ 424,892</u>

NOTE 6 -DEFICIT FUND BALANCES

As of June 30, 2020, no funds had deficit fund balances.

NOTE 7 - POST EMPLOYMENT AND HEALTHCARE BENEFITS

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

NOTE 8 - RISK MANAGEMENT

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 274,081	\$ -	\$ -	\$ 274,081
Construction in Process	379,723	2,424,491	-	2,804,214
Total Capital Assets, not being depreciated	653,804	2,424,491	-	3,078,295
Capital Assets, being depreciated				
Building and Improvement	9,960,751	286,449	-	10,247,200
Machinery and Equipment	3,300,039	49,856	153,125	3,196,770
Infrastructure	7,392,824	-	-	7,392,824
Total Capital Assets being depreciated	20,653,614	336,305	153,125	20,836,794
Less Accumulated Depreciation for:				
Building and Improvement	5,711,702	168,891	-	5,880,593
Machinery and Equipment	2,196,249	187,555	153,125	2,230,679
Infrastructure	1,250,319	148,156	-	1,398,475
Total Accumulated Depreciation	9,158,270	504,602	153,125	9,509,747
Total Capital Assets, being depreciated net	11,495,344	(168,297)	-	11,327,047
Governmental Activities Capital Assets, Net	\$ 12,149,148	\$ 2,256,194	\$ -	\$ 14,405,342
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Land	69,775	-	-	69,775
Total Capital Assets, not being depreciated	69,775	-	-	69,775
Capital Assets, being depreciated				
Building and Improvement	6,796,503	-	-	6,796,503
Machinery and Equipment	1,256,766	53,473	-	1,310,239
Total Capital Assets being depreciated	8,053,269	53,473	-	8,106,742
Less Accumulated Depreciation for:				
Building and Improvement	2,920,036	169,834	-	3,089,870
Machinery and Equipment	589,875	26,459	-	616,334
Total Accumulated Depreciation	3,509,911	196,293	-	3,706,204
Total Capital Assets, being depreciated net	4,543,358	(142,820)	-	4,400,538
Business Type Activities Capital Assets, Net	\$ 4,613,133	\$ (142,820)	\$ -	\$ 4,470,313

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Governmental Activates

General Government Services	\$ 66,001
Public Works, including depreciation of general infrastructure assets	332,794
Education	105,807
Total Depreciation Expense - Governmental Activates	<u>\$ 504,602</u>
 Business-Type Activities:	
Sewer and Water Commission	<u>\$ 196,293</u>

NOTE 10 - GENERAL LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>General Government</u>					
2016/17 Caterpillar Motor Grade	\$ 104,780	\$ -	\$ 52,181	\$ 52,599	\$ 52,599
2016/17 Daimler Freightliner	123,977	-	39,666	84,311	41,303
2016 General Obligation Bonds	4,210,000	-	575,000	3,635,000	560,000
Bond Anticipation Note	2,160,883	-	-	2,160,883	2,160,883
2019/20 Ford F550	-	125,000	7,903	117,097	24,069
2018/19 Freightliner	314,814	-	48,654	266,160	50,167
2015/16 Freightliner	76,774	-	38,004	38,770	38,770
<u>Total General Government</u>	<u>6,991,228</u>	<u>125,000</u>	<u>761,408</u>	<u>6,354,820</u>	<u>2,927,791</u>
 <u>Businesses-Type Activities</u>					
2005 Drinking Water Fund	116,349		24,781	91,568	25,383
2000 Drinking Water Fund	13,133		13,133	-	-
2001 Clean Water Fund	96,908		64,158	32,750	32,750
2010 Sewer Loan	153,288		18,721	134,567	29,293
<u>Total Business-Type Activates</u>	<u>379,678</u>	<u>-</u>	<u>120,793</u>	<u>258,885</u>	<u>87,426</u>
 <u>Total Bonds and Debt</u>	 <u>7,370,906</u>	 <u>125,000</u>	 <u>882,201</u>	 <u>6,613,705</u>	 <u>3,015,217</u>
 <u>Compensated Absences</u>	 <u>22,688</u>	 <u>7,197</u>	 <u>-</u>	 <u>29,885</u>	 <u>29,885</u>
 <u>Total Long-term Debt</u>	 <u>\$ 7,393,594</u>	 <u>\$ 132,197</u>	 <u>\$ 882,201</u>	 <u>\$ 6,643,590</u>	 <u>\$ 3,045,102</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Bonds and Debt Payable at June 30, 2020 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	\$ 3,635,000
Note payable dated 7/2016 to Caterpillar, payable \$54,014 per year, including interest at 2.75%, final payment due 7/2020 - General Fund	52,599
Note payable dated 1/2017 to Daimler, payable \$44,783 per year, including interest at 4.128%, final payment due 1/2022 - General Fund	84,311
Note payable dated 7/2015 to Salisbury Bank and Trust Company, payable \$40,038 per year, including interest at 2.65%, final payment due 07/2020 - Capital Fund	38,770
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	266,160
Bond Anticipation Note Salisbury Bank and Trust Company May 1, 2019, payable interest only at 2.31%, maturity date April 30, 2021 - General Fund	2,160,883
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	134,567
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	117,097
Note payable dated 06/2001 to State of Connecticut Clean Water Fund, payable \$5,503 per month, including interest at 2.77%, final payment due 12/2020 - Enterprise Fund	32,750
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>91,568</u>
Total Bonds and Notes Payable	<u><u>\$ 6,613,705</u></u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	3,015,217	74,387	3,089,604
2022	705,319	58,402	763,721
2023	660,800	44,751	705,551
2024	640,666	32,967	673,633
2025	596,703	30,660	627,363
2026	500,000	11,845	511,845
2027	495,000	3,935	498,935
	<u>\$ 6,613,705</u>	<u>\$ 256,947</u>	<u>\$ 6,870,652</u>

Of the above amounts, the Enterprise Fund is responsible for principal payments amounting to \$258,885 and interest payments amounting to \$11,272. 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 matures on April 30, 2021 and bears annual interest of 2.310% payable annually. The note is expected to be repaid with long term bonds upon completion of the transfer station project.

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, 2020.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – FUND BALANCES

As of June 30, 2020, governmental fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital and Non-Recurring Fund</u>	<u>Transfer Station Capital Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 957	\$ 957
	<u>-</u>	<u>-</u>	<u>-</u>	<u>957</u>	<u>957</u>
Restricted					
Town Aid Road Fund	-	-	-	360,355	360,355
School Cafeteria Fund	-	-	-	9,471	9,471
Local and State Fund	-	-	-	16,774	16,774
Brown Fund	-	-	-	51,934	51,934
Sharon Fund	-	-	-	43,473	43,473
	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,007</u>	<u>482,007</u>
Committed					
Transfer Station	324,750	-	-	-	324,750
STEAP Town Hall Parking Lot	125,000	-	-	-	125,000
Settle Personnel Claims	70,000	-	-	-	70,000
RAVE Notification System	5,000	-	-	-	5,000
Veterans Field	11,000	-	-	-	11,000
Records Restoration	18,018	-	-	-	18,018
Sharon Housing Authority	100,000	-	-	-	100,000
Library	18,080	-	-	-	18,080
Capital Non-Recurring Fund	-	1,015,699	-	-	1,015,699
Transfer Station Capital Fund	-	-	116,634	-	116,634
Sharon Cemetery Fund	-	-	-	381,392	381,392
67 Main Street Fund	-	-	-	39,802	39,802
Town Clerk Preservation Fund	-	-	-	8,384	8,384
Tree Committee	-	-	-	7,246	7,246
Dog Fund	-	-	-	16,049	16,049
Amenia Landfill Fund	-	-	-	36,885	36,885
Green Rehab Fund	-	-	-	33,916	33,916
Revaluation Fund	-	-	-	7,890	7,890
	<u>671,848</u>	<u>1,015,699</u>	<u>116,634</u>	<u>531,564</u>	<u>2,335,745</u>
Assigned					
Subsequent year's budget	252,503	-	-	-	252,503
Encumbrances	42,755	-	-	-	42,755
	<u>295,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,258</u>
Unassigned	<u>2,131,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,131,294</u>
Total governmental funds	<u>\$ 3,098,400</u>	<u>\$ 1,015,699</u>	<u>\$ 116,634</u>	<u>\$ 1,014,528</u>	<u>\$ 5,245,261</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 by the Town were \$96,706.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Disability Retirement

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

Contributions

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

Employer (School Districts)

School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher not covered by social security is required to contribute 6% of salary for the pension benefit. Effective January 1, 2018 the required contribution increased to 7% of pensionable salary.

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

As of June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportional share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	6,871,833
Total	<u>\$ 6,871,833</u>

The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2020, the Town had no proportionate share of the net pension liability.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary Increases	3.25 – 6.50% including inflation
Investment rate of return	6.90 %, net of investment expense

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Target Allocation</u>	<u>Expected Rate of Return</u>	<u>Standard Deviation</u>
Public Equity - US Equity	20.0%	17.0%	17.0%
Public Equity - International Developed Equity	11.0%	19.0%	19.0%
Public equity - Emerging Markets equity	9.0%	24.0%	24.0%
Fixed Income - Core Fixed Income	16.0%	7.0%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	7.0%	7.0%
Fixed Income - High Yield	6.0%	11.0%	11.0%
Fixed Income Emerging Market debt	5.0%	11.0%	11.0%
Private Equity	10.0%	23.0%	23.0%
Real Estate	10.0%	15.0%	15.0%
Alternative - Real Assets	4.0%	17.0%	17.0%
Alternative - Hedge funds	3.0%	7.0%	7.0%
Liquidity Fund	1.0%	1.0%	1.0%
	<u>100%</u>		

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

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, 2020, the Town recognized \$866,378 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

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

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

Pension Liabilities and Deferred Inflows/Outflows of Resources

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Other Information

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

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education OPEB Plan

Description of the Plan

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

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

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

Eligibility

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

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

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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

Contributions

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

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

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

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents

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, 2018
Measurement Date	June 30, 2019
Reporting Date	June 30, 2020
Inflation Rate	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary Increases	3.25% to 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense including inflation

Municipal bond index rate:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Measurement Date 3.50%
 Prior Measurement Date 3.87%

The projected fiduciary net position is projected to be depleted in 2019.

Single equivalent interest rate:

Measurement Date 3.50%, net of OPEB plan investment expense,
 including price inflation

Prior Measurement Date 3.87%, net of OPEB plan investment expense,
 including price inflation

Healthcare cost trend rates:

Pre-Medicare 5.95% for 2018 decreasing to an ultimate
 Rate of 4.75% by 2025

Medicare 5.00% for 2018 decreasing to an ultimate
 Rate of 4.75% by 2028

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-term rate of return

The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 actuarial valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10- Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
US Treasuries (Cash Equivalents)	100.00%	0.41%	2.31%
Price Inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cashflows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

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

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

The State makes all contributions to the Connecticut State Teachers' OPEB on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 75 and the State is treated as a non-employer contributing entity in the Connecticut State Teachers' OPEB. Since the districts do not contribute directly to the Connecticut State Teachers' OPEB, there is no net OPEB liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the State's net OPEB liability that was associated with the Town was \$1,071,702 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, 2020, the Town recognized a negative \$80,505 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, 2020, the Board of Commissioners of the Water and Sewer Commission has restricted \$140,000 of Net Position for capital improvements.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 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 17 – IMPLEMENTATION OF NEW ACCOUNTING STANDARD

Effective July 1, 2019, the Town adopted the provisions of GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of this statement requires the Town to redefine certain funds that were previously reported as fiduciary funds reported as liabilities due to others. The effect of this change is to restate the Town's Fiduciary Net Position at June 30, 2019, which increases the Fiduciary Net Position by \$21,590 at June 30, 2019.

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. 95 – Postponement of the Effective Date of Certain Authoritative Guidance. This Statement was issued in May 2020 and provides temporary relief to governments in light of the COVID-19 Pandemic. That objective is accomplished by postponing the effective date of certain provisions in Statement of Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The new effective dates of each of the pronouncements are noted below.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

- GASB Statement No. 84 - Fiduciary Activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 87- Leases. requirements of this Statement are effective for reporting periods beginning after June 15, 2021
- GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.
- GASB Statement Number 90 Majority Equity Interests – an amendment of GASB Statements No 14 and No 61. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.
- GASB Statement Number 91 Conduit Debt Obligations. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.
- GASB Statement Number 92 Omnibus 2020. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement Number 93 Replacement of Interbank Offered Rates. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement Number 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

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

	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%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	7,054,214	5,439,209	5,962,940	6,290,948	4,635,777	4,284,847
Total	\$ 7,054,214	\$ 5,439,209	\$ 5,962,940	\$ 6,290,948	\$ 4,635,777	\$ 4,284,847
Town's covered-employee payroll	\$ 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%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms
Changes of assumptions

Member contributions changed from 6% in 7% of salary beginning January 1, 2018
The inflation assumption was reduced from 2.75% to 2.5%
Real rate of return assumption reduced to 4.4% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8% to 6.9%.

Actuarial cost method
Amortization method
Single Equivalent amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return

Entry Age
Level percent of salary, closed
17 6 years
4 year smoothed market
2.50%
3.25% - 6.50%, average, including inflation
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

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

Notes to Schedule

Changes in benefit terms Medicare Advantage Plan was added to the available options
Changes of assumptions The discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal bond Index Rate. Various other assumptions such as long-term health care cost rates and medical and prescription claim rates were updated to better reflect anticipated plan experience. the per capita costs, and the rates of plan participation based upon recent experience and current expectations

Actuarial cost method Entry Age
Amortization method Level percent of payroll
Remaining amortization period 30 years open
Investment rate of return 3.00%, net of pension plan investment expense

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

TOWN OF SHARON
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Property Taxes</u>				
Property taxes, interest and lien fees	\$ 10,289,722	\$ 10,289,722	\$ 10,548,749	\$ 259,027
Back Taxes	220,000	220,000	237,295	17,295
<u>Total Property Taxes</u>	<u>10,509,722</u>	<u>10,509,722</u>	<u>10,786,044</u>	<u>276,322</u>
<u>Intergovernmental</u>				
Education (ECS)	9,960	9,960	12,200	2,240
Pilot - State/Fed Property	100	100	1,224	1,124
Pilot - State Property	13,000	13,000	13,010	10
Tax Relief- Elderly & Veterans	2,233	2,233	2,276	43
TeleCom Property Tax	13,000	13,000	14,334	1,334
Pequot/Mohegan Grant	2,001	2,001	2,001	-
Miscellaneous Grants	500	500	485	(15)
<u>Total Intergovernmental</u>	<u>40,794</u>	<u>40,794</u>	<u>45,530</u>	<u>4,736</u>
<u>Other Revenues</u>				
Town Clerk fees	70,000	70,000	135,771	65,771
Town Beach	8,000	8,000	11,377	3,377
Vital Statistics	25,000	25,000	36,007	11,007
Building Permits	100,000	100,000	157,228	57,228
Zoning permits/ZBA	2,500	2,500	2,614	114
Cemetery Fund	14,700	14,700	14,240	(460)
Miscellaneous	31,750	31,750	59,014	27,264
Sharon Ridge Pilot	1,000	1,000	1,000	-
Sanitary Inspector	4,000	4,000	6,950	2,950
<u>Total Other Revenues</u>	<u>256,950</u>	<u>256,950</u>	<u>424,201</u>	<u>167,251</u>
<u>Interest - Investments</u>	<u>30,000</u>	<u>30,000</u>	<u>45,682</u>	<u>15,682</u>
 <u>Total Revenues</u>	 <u>\$ 10,837,466</u>	 <u>\$ 10,837,466</u>	 <u>\$ 11,301,457</u>	 <u>\$ 463,991</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>General Government</u>				
Office of Selectman	\$ 84,757	\$ 87,315	\$ 87,315	\$ -
Town Secretary	48,731	48,731	48,731	-
Probate Court	5,533	5,533	5,533	-
Elections	23,755	23,755	13,524	10,231
Board of Finance/Annual Report	1,000	1,000	714	286
Auditor	22,500	22,500	22,500	-
Town treasurer	18,035	18,035	17,723	312
Town Council	9,000	45,000	42,486	2,514
Assessors	97,150	97,150	97,028	122
Board of Assessment Appeals	2,500	2,500	1,165	1,335
Tax Collector	44,915	44,915	44,504	411
Town Clerk	90,963	90,963	84,059	6,904
Planning and Zoning Commission	48,905	48,905	39,338	9,567
Town Hall	146,248	146,248	124,961	21,287
Town Insurance	117,000	117,000	101,851	15,149
Employee Benefits	544,164	496,449	465,513	30,936
Building Official/Fire Marshall	117,080	117,080	116,600	480
Miscellaneous Administration	26,830	26,830	24,011	2,819
Community Hall	15,853	15,853	13,931	1,922
<u>Total General Government</u>	<u>1,464,919</u>	<u>1,455,762</u>	<u>1,351,487</u>	<u>104,275</u>
<u>Public Safety</u>				
Fire	267,100	267,100	254,604	12,496
Constables	450	450	450	-
Street Lighting	7,800	7,800	6,477	1,323
Water Hydrants	52,000	52,000	51,376	624
Civil Preparedness	10	10	-	10
Dog Warden	11,375	11,834	11,834	-
<u>Total Public Safety</u>	<u>338,735</u>	<u>339,194</u>	<u>324,741</u>	<u>14,453</u>
<u>Public Works</u>				
Highways and Roadways	1,244,828	1,244,828	1,139,473	105,355
Municipal Waste	245,320	251,290	251,101	189
Equipment Replacement	100,000	100,000	100,000	-
<u>Total Public Works</u>	<u>1,590,148</u>	<u>1,596,118</u>	<u>1,490,574</u>	<u>105,544</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Health Department</u>				
Conservation of Health	34,300	34,300	31,866	2,434
Sanitary Inspector	2,653	2,653	1,600	1,053
Public Health Nurse	2,440	2,925	2,925	-
Welfare and Social Services	45,010	60,347	60,347	-
<u>Total Health Department</u>	<u>84,403</u>	<u>100,225</u>	<u>96,738</u>	<u>3,487</u>
<u>Parks and Recreation</u>				
Recreation	29,536	29,536	29,016	520
Youth Services	96,455	96,455	83,741	12,714
Town Beach	81,500	86,166	86,166	-
Sharon Green	44,000	44,000	34,302	9,698
<u>Total Parks and Recreation</u>	<u>251,491</u>	<u>256,157</u>	<u>233,225</u>	<u>22,932</u>
<u>Miscellaneous</u>				
Hotchkiss Library	90,000	90,000	90,000	-
Contingency	10	10	-	10
Contributions	88,466	88,466	88,167	299
Other	34,188	52,428	52,307	121
Cemeteries	14,700	14,700	14,240	460
Reserve for Capital Non-Recurring	20,000	20,000	20,000	-
<u>Total Miscellaneous</u>	<u>247,364</u>	<u>265,604</u>	<u>264,714</u>	<u>890</u>
<u>Debt Service</u>				
General Obligations Bonds	637,368	637,368	637,317	51
Old Amenia Landfill	35,000	35,000	35,000	-
Town Clock Repairs/Maintenance	5,000	5,000	5,000	-
<u>Total Debt Service</u>	<u>677,368</u>	<u>677,368</u>	<u>677,317</u>	<u>51</u>
<u>Additional Budget Appropriations</u>				
Library	-	35,000	16,920	18,080
Green Renovation Project	-	10,000	10,000	-
Sharon Historical Society	-	134,000	134,000	-
<u>Total Additional Budget Appropriations</u>	<u>-</u>	<u>179,000</u>	<u>160,920</u>	<u>18,080</u>
<u>Education</u>				
Elementary Education	4,258,983	4,258,983	4,258,983	-
Regional Education	2,296,994	2,296,994	2,283,916	13,078
<u>Total Education</u>	<u>6,555,977</u>	<u>6,555,977</u>	<u>6,542,899</u>	<u>13,078</u>
<u>Total Expenditures</u>	<u>11,210,405</u>	<u>11,425,405</u>	<u>11,142,615</u>	<u>264,710</u>
<u>Excess (Deficiency) of Revenues</u>				
<u>Over (Under) Expenditures</u>	<u>\$ (372,939)</u>	<u>\$ (587,939)</u>	<u>\$ 158,842</u>	<u>\$ 746,781</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<u>Salaries:</u>				
<u>Certified personnel:</u>				
Teachers	\$ 1,476,085	\$ 1,476,085	\$ 1,450,172	\$ (25,913)
Remedial Instruction	75,346	75,346	23,265	(52,081)
Interscholastic Sports Coaches and Referees	15,386	15,386	6,835	(8,551)
Extra Pay for Extra Duty	43,221	43,221	21,014	(22,207)
Special Programs	6,961	6,961	4,182	(2,779)
Principal	137,703	137,703	137,703	-
Substitutes	38,500	38,500	9,020	(29,480)
Total Certified Personnel	<u>1,793,202</u>	<u>1,793,202</u>	<u>1,652,191</u>	<u>(141,011)</u>
<u>Non Certified Personnel:</u>				
Teacher Assistants	77,887	77,887	74,511	(3,376)
Computer Technologist	54,758	54,758	54,483	(275)
School Nurse, RN	51,938	51,938	52,518	580
Board Clerk	46,889	46,889	47,182	293
Secretaries	105,584	105,584	99,610	(5,974)
Substitute Stipend	4,525	4,525	4,525	-
Head Custodian/Assistant Custodian	180,177	180,177	211,872	31,695
Custodial Overtime	6,986	6,986	7,349	363
Teacher Assistants Substitutes	2,000	2,000	8,910	6,910
School Nurse Substitutes	2,000	2,000	613	(1,387)
Office Substitutes	1,000	1,000	480	(520)
Custodial Substitutes	8,000	8,000	679	(7,321)
Total Non Certified Personnel	<u>541,744</u>	<u>541,744</u>	<u>562,732</u>	<u>20,988</u>
<u>Total Salaries</u>	<u>2,334,946</u>	<u>2,334,946</u>	<u>2,214,923</u>	<u>(120,023)</u>
<u>Employee Benefits:</u>				
Health Insurance	690,005	690,005	577,130	(112,875)
Social Security/Medicare	76,792	76,792	71,786	(5,006)
Pension Plan Classified	39,816	39,816	36,006	(3,810)
Annuity - Principal	3,443	3,443	3,443	-
Reimbursement Graduate Credits	1,800	1,800	2,500	700
Unemployment Compensation	1,000	1,000	378	(622)
Workers' Compensation	15,239	15,239	12,439	(2,800)
Life Insurance	4,589	4,589	4,349	(240)
<u>Total Employee Benefits</u>	<u>832,684</u>	<u>832,684</u>	<u>708,031</u>	<u>(124,653)</u>
<u>Purchased Services:</u>				
<u>Professional / Educational</u>				
Board of Education In-service	100	100	520	420
Assemblies & Student Activities	16,626	16,626	9,018	(7,608)
Licenses	13,660	13,660	6,408	(7,252)
In Service/Curriculum Dev, Staff Training	11,425	11,425	13,136	1,711
Public Relations	800	800	14,747	13,947
School Physicians	600	600	700	100
Legal, Negotiation Fees, Contracts	15,000	15,000	2,049	(12,951)
Audit ED 001 Report, Cafeteria, All Audits	5,000	5,000	4,000	(1,000)
Technology Support Services	18,400	18,400	15,000	(3,400)
Total professional services	<u>81,611</u>	<u>81,611</u>	<u>65,578</u>	<u>(16,033)</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Purchased property services:				
Water and Sewer	8,480	8,480	7,364	(1,116)
Cleaning Services	2,500	2,500	827	(1,673)
Refuse Removal - Recycling	5,826	5,826	5,197	(629)
Upkeep of Grounds/Buildings	27,500	27,500	30,225	2,725
Service Office, AV, Music Equipment	7,867	7,867	5,581	(2,286)
Building repairs	171,892	171,892	297,976	126,084
Emergency	10,000	10,000	24,710	14,710
Scheduled Painting	15,000	15,000	13,266	(1,734)
Asbestos Removal/Mgmt. Plan/Testing	560	560	280	(280)
Total property services	249,625	249,625	385,426	135,801
Other Purchased Services				
All-Star Bus Contract	235,267	235,267	211,535	(23,732)
School Class Trips	19,925	19,925	7,638	(12,287)
Multi-peril Insurance	35,679	35,679	33,090	(2,589)
Student Athletic Insurance	400	400	149	(251)
Postage	2,500	2,500	3,462	962
Telephone	10,820	10,820	10,828	8
Advertising	584	584	88	(496)
Printing -Graduation Prog, diploma, etc.	1,000	1,000	825	(175)
Summer School Remedial	3,766	3,766	328	(3,438)
Staff Travel, Prof Memb, Conf-All Staff	7,500	7,500	10,877	3,377
Technology	43,762	43,762	60,916	17,154
Total other purchased services	361,203	361,203	339,736	(21,467)
Total - Purchased Services	692,439	692,439	790,740	98,301
Supplies				
Classroom Supplies	29,400	29,400	25,989	(3,411)
Art Supplies	3,150	3,150	3,033	(117)
Music Supplies	3,150	3,150	2,369	(781)
Physical Education Supplies	5,775	5,775	4,528	(1,247)
Test Materials	800	800	535	(265)
Consumable Workbooks	5,000	5,000	3,134	(1,866)
Medical Supplies	2,000	2,000	1,067	(933)
Audio Visual Materials	2,500	2,500	2,436	(64)
Computer Software -Internet Subscriptions	34,000	34,000	35,457	1,457
Office Supplies	8,250	8,250	10,818	2,568
PBIS Supplies	500	500	-	(500)
Graduation Supplies	2,500	2,500	3,424	924
Custodial Supplies	30,917	30,917	31,115	198
Maintenance Supplies	34,283	34,283	53,553	19,270
Electricity	70,339	70,339	54,522	(15,817)
Heating Fuel	31,620	31,620	31,704	84
Diesel Fuel	23,386	23,386	23,386	-
Textbooks	13,000	13,000	12,491	(509)
Library Books	8,440	8,440	8,916	476
Library: Supplies/Periodicals/Newspapers	4,500	4,500	3,577	(923)
Total Supplies	313,510	313,510	312,054	(1,456)

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Property</u>				-
Equipment, Instructional	2,800	2,800	5,692	2,892
Equipment, Non-instructional	3,366	3,366	4,589	1,223
<u>Total Property</u>	<u>6,166</u>	<u>6,166</u>	<u>10,281</u>	<u>4,115</u>
<u>Dues and Fees</u>				
Education Connection	4,238	4,238	5,191	953
<u>Total Dues and Fees</u>	<u>4,238</u>	<u>4,238</u>	<u>5,191</u>	<u>953</u>
<u>Capital Expenses</u>				
Transfer Cafeteria	25,000	25,000	35,000	10,000
Capital Expense	50,000	50,000	182,763	132,763
<u>Total Capital Expenses</u>	<u>75,000</u>	<u>75,000</u>	<u>217,763</u>	<u>142,763</u>
 <u>TOTAL SHARON BOARD OF EDUCATION</u>	 <u>4,258,983</u>	 <u>4,258,983</u>	 <u>4,258,983</u>	 <u>-</u>
 <u>Region One</u>				
High School	1,641,272	1,641,272	1,656,140	14,868
Pupil Services	525,475	525,475	491,534	(33,941)
Administrative Services	130,247	130,247	136,242	5,995
<u>Total Region One</u>	<u>2,296,994</u>	<u>2,296,994</u>	<u>2,283,916</u>	<u>(13,078)</u>
 <u>TOTAL EDUCATION EXPENDITURES</u>	 <u>\$ 6,555,977</u>	 <u>\$ 6,555,977</u>	 <u>\$ 6,542,899</u>	 <u>\$ (13,078)</u>

TOWN OF SHARON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Town Aid Road Fund</u>	<u>LOCIP Fund</u>	<u>School Cafeteria Fund</u>	<u>Education Grants Fund</u>	<u>Local and State Fund</u>	<u>Brown Fund</u>	<u>Sharon Fund</u>	<u>Sharon Cemetery Fund</u>
ASSETS								
Cash and Cash Equivalents	\$ 361,470	-	\$ 2,022	-	\$ 16,774	\$ 3,311	\$ 11,418	\$ 11,799
Investments	-	-	-	-	-	48,623	32,055	383,833
Inventory	-	-	957	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	7,449	-	-	-	-	-
TOTAL ASSETS	<u>361,470</u>	<u>-</u>	<u>10,428</u>	<u>-</u>	<u>16,774</u>	<u>51,934</u>	<u>43,473</u>	<u>395,632</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>\$ 361,470</u>	<u>\$ -</u>	<u>\$ 10,428</u>	<u>\$ -</u>	<u>\$ 16,774</u>	<u>\$ 51,934</u>	<u>\$ 43,473</u>	<u>\$ 395,632</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 1,115	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	14,240
Total Liabilities	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,240</u>
Fund Balances:								
Nonspendable	-	-	957	-	-	-	-	-
Restricted	360,355	-	9,471	-	16,774	51,934	43,473	-
Committed	-	-	-	-	-	-	-	381,392
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>360,355</u>	<u>-</u>	<u>10,428</u>	<u>-</u>	<u>16,774</u>	<u>51,934</u>	<u>43,473</u>	<u>381,392</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 361,470</u>	<u>\$ -</u>	<u>\$ 10,428</u>	<u>\$ -</u>	<u>\$ 16,774</u>	<u>\$ 51,934</u>	<u>\$ 43,473</u>	<u>\$ 395,632</u>

TOWN OF SHARON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	67 Main Street Fund	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
ASSETS								
Cash and cash equivalents	\$ 39,802	\$ 8,384	\$ 7,246	\$ 16,652	\$ 36,885	\$ 34,385	\$ 7,890	\$ 558,038
Investments	-	-	-	-	-	-	-	484,511
Inventory	-	-	-	-	-	-	-	957
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	7,449
TOTAL ASSETS	39,802	8,384	7,246	16,652	36,885	34,385	7,890	1,030,955
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 39,802	\$ 8,384	\$ 7,246	\$ 16,652	\$ 36,885	\$ 34,385	\$ 7,890	\$1,030,955
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 603	\$ -	\$ 469	\$ -	2,187
Due to Other Funds	-	-	-	-	-	-	-	14,240
Total Liabilities	-	-	-	603	-	469	-	16,427
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	957
Restricted	-	-	-	-	-	-	-	482,007
Committed	39,802	8,384	7,246	16,049	36,885	33,916	7,890	531,564
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	39,802	8,384	7,246	16,049	36,885	33,916	7,890	1,014,528
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 39,802	\$ 8,384	\$ 7,246	\$ 16,652	\$ 36,885	\$ 34,385	\$ 7,890	\$1,030,955

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, 2020

	Town Aid Road Fund	LOCIP Fund	School Cafeteria Fund	Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
Revenues:								
Intergovernmental	\$ 360,168	\$ 172,000	\$ 24,958	\$ 73,251	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	866	-	-	-
Investment Income	68	-	-	-	1,068	518	13,207	-
Other Income	-	-	-	-	13,548	500	-	-
Sales	-	-	13,058	-	-	-	-	-
Total Revenues	360,236	172,000	38,016	73,251	14,414	1,068	1,018	13,207
Expenditures:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	269,366	-	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	20,556	-	1,699	-
Debt Service	-	-	-	-	-	-	-	-
Education	-	-	73,122	73,251	-	-	-	-
Capital Outlay	-	172,000	-	-	-	-	-	-
Total Expenditures	269,366	172,000	73,122	73,251	20,556	-	1,699	-
Excess of Revenues Over (Under) Expenditures	90,870	-	(35,106)	-	(6,142)	1,068	(681)	13,207
Other Financing Sources (Uses):								
Operating Transfers In	-	-	35,000	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	(14,240)
Total Other Financing Sources (Uses)	-	-	35,000	-	-	-	-	(14,240)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	90,870	-	(106)	-	(6,142)	1,068	(681)	(1,033)
Fund Balances Beginning of Year	269,485	-	10,534	-	22,916	50,866	44,154	382,425
Fund Balances End of Year	\$ 360,355	\$ -	\$ 10,428	\$ -	\$ 16,774	\$ 51,934	\$ 43,473	\$ 381,392

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, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 635,877
Contributions	-	-	-	-	-	-	-	866
Investment Income	146	50	46	63	382	119	26	15,693
Other Income	15,600	3,206	-	2,503	-	-	-	35,357
Sales	-	-	-	-	-	-	-	13,058
Total Revenues	15,746	8,756	46	2,566	382	119	26	700,851
Expenditures:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	7,204	-	-	-	7,204
Public Works	-	-	-	-	35,085	-	-	304,451
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	-	10,192	12,255	-	-	-	-	44,702
Debt Service	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	24,907	-	-	-	-	5,158	-	146,373
Total Expenditures	24,907	10,192	12,255	7,204	35,085	5,158	-	202,065
Excess of Revenues Over (Under) Expenditures	(9,161)	(1,436)	(12,209)	(4,638)	(34,703)	(5,039)	26	(3,944)
Other Financing Sources (Uses):								
Operating Transfers In	-	1,000	15,000	8,275	35,000	10,000	5,000	109,275
Operating Transfers Out	-	(1,563)	-	-	-	-	-	(15,803)
Total Other Financing Sources (Uses)	-	(563)	15,000	8,275	35,000	10,000	5,000	93,472
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(9,161)	(1,999)	2,791	3,637	297	4,961	5,026	89,528
Fund Balances Beginning of Year	48,963	10,383	4,455	12,412	36,588	28,955	2,864	925,000
Fund Balances End of Year	\$ 39,802	\$ 8,384	\$ 7,246	\$ 16,049	\$ 36,885	\$ 33,916	\$ 7,890	\$1,014,528

TOWN OF SHARON
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2020

Total tax collection including interest and lien fees for prior fiscal year					\$ 11,046,717
Reimbursement for revenue loss on Tax relief for elderly for prior fiscal year					<u>2,233</u>
Base					<u><u>\$ 11,048,950</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	
Debt limitation:					
2-1/4 times base	\$ 24,860,138	\$ -	\$ -	\$ -	
4-1/2 times base	-	49,720,275	-	-	
3-3/4 times base	-	-	41,433,563	-	
3-1/4 times base	-	-	-	35,909,088	
Total debt limitation	<u>24,860,138</u>	<u>49,720,275</u>	<u>41,433,563</u>	<u>35,909,088</u>	
Indebtedness:					
Bonds payable	3,635,000	-	-	-	
Notes Payable	2,719,820	-	-	-	
Regional School District #1 town share balance as of preceeding fiscal year	-	1,080,649	-	-	
Sewer Bonds & Notes	-	-	258,885	-	
Total indebtedness	<u>6,354,820</u>	<u>1,080,649</u>	<u>258,885</u>	<u>-</u>	
Debt limitation in excess of outstanding and authorized debt	<u>\$ 18,505,318</u>	<u>\$ 48,639,626</u>	<u>\$ 41,174,678</u>	<u>\$ 35,909,088</u>	
Total capacity of borrowing (7 times base)		\$ 77,342,650			
Total present indebtedness		<u>7,694,354</u>			
Margin for additional borrowing		<u><u>\$ 69,648,296</u></u>			

TOWN OF SHARON
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Grand List Year	Balances 6/30/2019	Current Levy	Lawful Corrections		Collectible Taxes	Collections			Transfers To Suspense	Balances 6/30/2020
			Additions	Deductions		Taxes	Interest	Liens		
2018	\$ -	\$ 10,531,212	\$ 25,982	\$ -	\$ 10,536,425	\$ 10,336,966	\$ 47,803	\$ -	\$ 317	\$ 199,142
2017	190,678	-	3,412	-	194,090	117,865	17,307	1,272	-	76,225
2016	86,481	-	-	481	86,000	30,054	11,114	240	-	55,946
2015	66,248	-	-	-	66,248	15,969	9,214	168	-	50,279
2014	51,629	-	-	-	51,629	15,544	10,954	144	-	36,085
2013	43,322	-	-	-	43,322	10,462	9,847	144	-	32,860
2012	44,448	-	-	-	44,448	11,006	11,344	72	-	33,442
2011	49,191	-	-	-	49,191	9,724	12,783	72	-	39,467
2010	44,022	-	-	-	44,022	9,915	15,978	48	-	34,107
2009	37,244	-	-	-	37,244	9,453	15,053	72	-	27,791
2008	24,152	-	-	-	24,152	7,303	3,701	-	-	16,849
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
2003	3,497	-	-	-	3,497	-	-	-	3,497	-
Totals	\$ 675,639	\$ 10,531,212	\$ 29,394	\$ 21,250	\$ 11,214,995	\$ 10,574,261	\$ 165,098	\$ 2,232	\$ 3,814	\$ 636,920

**TOWN OF SHARON
SCHEDULE OF DEBT
Year Ended June 30, 2020**

	General Fund			Transfer Station		Capital Reserve Fund			Enterprise Fund				Totals	
	2016/17 Dalmeler Freightliner	2016 General Obligation Bonds	2019/20 Ford F550	2018/19 2 Freightliner Loan	2015/16 Freightliner Loan	2005 Drinking Water Fund	2000 Drinking Water Fund	2001 Clean Water Fund	2010 Sewer Loan					
Long Term Debt Payable July 1, 2019	\$ 104,780	\$ 4,210,000	\$ -	\$ 314,814	\$ 76,774	\$ 116,349	\$ 13,133	\$ 96,908	\$ 153,288	\$ 7,370,906				
Issuances of New Debt	-	-	125,000	-	-	-	-	-	-	-	-	-	-	125,000
Payments During Year	(52,181)	(575,000)	(7,903)	(48,654)	(38,004)	(24,781)	(13,133)	(64,156)	(18,721)	(882,201)				
Long Term Debt Payable July 1, 2020	\$ 52,599	\$ 3,635,000	\$ 117,097	\$ 266,160	\$ 38,770	\$ 91,568	\$ -	\$ 32,750	\$ 134,567	\$ 6,613,705				
Maturities by Fiscal Years Ending June 30:														
2021	52,599	560,000	24,069	50,167	38,770	25,383	-	32,750	29,293	3,015,217				
2022	-	530,000	24,616	51,727	-	25,999	-	-	29,969	705,319				
2023	-	525,000	25,175	53,336	-	26,630	-	-	30,659	660,800				
2024	-	515,000	25,750	54,985	-	13,556	-	-	31,365	640,666				
2025	-	510,000	17,487	55,935	-	-	-	-	13,281	596,703				
2026	-	500,000	-	-	-	-	-	-	-	500,000				
2027	-	495,000	-	-	-	-	-	-	-	495,000				
	\$ 52,599	\$ 3,635,000	\$ 117,097	\$ 266,160	\$ 38,770	\$ 91,568	\$ -	\$ 32,750	\$ 134,567	\$ 6,613,705				



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, 2020, and the related notes to the financial statements, which collectively comprise the Town of Sharon, CT's basic financial statements, and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Sharon, CT's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sharon, CT's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sharon, CT's internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sharon, CT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
December 28, 2020



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, 2020. 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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



Sinnamon & Associates, LLC
Certified Public Accountants

December 28, 2020
Canaan, Connecticut

**TOWN OF SHARON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

<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	-	2,243
Local capital improvement program (LOCIP)	12050-OPM20600-40254	-	172,000
Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-17004	-	13,010
		<u>-</u>	<u>187,286</u>
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	<u>-</u>	<u>485</u>
<u>Department of Transportation:</u>			
Town aid road grants transportation fund	12052-DOT57131-43455	-	180,084
Town aid road grants transportation fund - STO	13033-DOT57131-43459	<u>-</u>	<u>180,084</u>
		<u>-</u>	<u>360,168</u>
<u>Department of Energy and Environmental Protection</u>			
Small Town Economic Assistance Program DEEP	12052-DEP43930-40531	<u>-</u>	<u>450,000</u>
<u>Connecticut State Library</u>			
Historic documents preservation grant	12060-CSL66094-35150	<u>-</u>	<u>5,500</u>
<u>Department of Education:</u>			
Child Nutrition Program	11000-SDE64370-16211	-	451
School Breakfast	11000-SDE64370-17046	-	2,867
Healthy Foods Initiative	11000-SDE64370-16212	-	859
Talent Development	11000-SDE64370-12552	<u>-</u>	<u>771</u>
		<u>-</u>	<u>4,948</u>
<u>Total State Financial Assistance Before Exempt Programs</u>		<u>-</u>	<u>1,008,387</u>
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	12,200
<u>Office of Policy and Management</u>			
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	-	2,001
		<u>-</u>	<u>14,201</u>
<u>Total Exempt Programs</u>		<u>-</u>	<u>14,201</u>
<u>Total State Financial Assistance</u>		<u>\$ -</u>	<u>\$ 1,022,588</u>

TOWN OF SHARON

NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2020

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, 2019. 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, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes		<u>X</u> No	
Significant deficiency(s) identified	___ Yes		<u>X</u> None Reported	
Noncompliance material to financial statements noted?	___ Yes		<u>X</u> No	

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	___ Yes		<u>X</u> No	
Significant deficiency(s) identified	___ 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?

	___ 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 Energy and Environmental Protection</u>		
Small Town Economic Assistance Program DEEP	12052-DEP43930-40531	\$ 450,000
<u>Department of Transportation:</u>		
Town aid road grants transportation fund	12052-DOT57131-43455	\$ 180,084
Town aid road grants transportation fund - STO	13033-DOT57131-43459	\$ 180,084
<u>Office of Policy and Management:</u>		
Local capital improvement program (LOCIP)	12050-OPM20600-40254	\$ 172,000

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