

TOWN OF SHARON
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019, 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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019, 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 24, 2019
Canaan Connecticut

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

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, 2019. 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 \$25,392,048 exceeded its liabilities at June 30, 2019, resulting in a total net position of \$17,686,416. Unrestricted net position was \$8,808,845 and was available to meet ongoing government obligations. Of that amount \$8,605,748 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 \$6,866,704, an increase of \$1,457,265 for the year. The General Fund operating decrease for the year was 130,281 vs. an adjusted budgeted decrease of \$529,241. The General Fund balance was 2,946,383, of which \$567,450 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$2,378,933 or 21 % 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, 2019

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

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

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

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

Proprietary Funds –

The proprietary fund is the Sewer and Water Commission

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

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

Fiduciary Funds.

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

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

Notes to the Financial Statements.

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

Other Information.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$17,686,416 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 \$688,488 during the current fiscal year.

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

NET POSITION - June 30, 2019 and June 30, 2018

	June 30, 2019 Net Position			June 30, 2018 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
ASSETS						
Current and Other Assets	\$ 7,803,184	\$ 412,872	\$ 8,216,056	\$ 6,259,507	\$ 402,316	\$ 6,661,823
Capital Assets	12,149,148	4,543,358	16,692,506	11,620,469	4,695,191	16,315,660
Non Current Assets	483,486	-	483,486	420,904	-	420,904
TOTAL ASSETS	<u>20,435,818</u>	<u>4,956,230</u>	<u>25,392,048</u>	<u>18,300,880</u>	<u>5,097,507</u>	<u>23,398,387</u>
LIABILITIES						
Current Liabilities	1,051,019	106,605	1,157,624	1,068,749	103,757	1,172,506
Non Current Liabilities	6,237,723	273,073	6,510,796	4,830,345	379,678	5,210,023
TOTAL LIABILITIES	<u>7,288,742</u>	<u>379,678</u>	<u>7,668,420</u>	<u>5,899,094</u>	<u>483,435</u>	<u>6,382,529</u>
DEFERRED INFLOWS	37,212	-	37,212	17,930	-	17,930
NET POSITION						
Net Investment in Capital Assets	4,504,116	4,233,455	8,737,571	5,754,488	4,281,531	10,036,019
Restricted for Capital Improvements	-	140,000	140,000	-	140,000	140,000
Unrestricted	8,605,748	203,097	8,808,845	6,629,368	192,541	6,821,909
TOTAL NET POSITION	<u>\$ 13,109,864</u>	<u>\$ 4,576,552</u>	<u>\$ 17,686,416</u>	<u>\$ 12,383,856</u>	<u>\$ 4,614,072</u>	<u>\$ 16,997,928</u>

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

CHANGES IN NET POSITION - June 30, 2019 and June 30, 2018

	June 30, 2019			June 30, 2018		
	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	\$ 378,382	\$ 508,390	\$ 886,772	\$ 362,049	\$ 517,814	\$ 879,863
Operating grants and contributions	737,902	-	737,902	1,257,456	-	1,257,456
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	11,193,190	-	11,193,190	11,070,013	-	11,070,013
Grants and contributions, unrestricted	58,516	-	58,516	66,387	-	66,387
Other Revenues	147,754	20,410	168,164	74,498	9,174	83,672
Total Revenues	<u>12,515,744</u>	<u>528,800</u>	<u>13,044,544</u>	<u>12,830,403</u>	<u>526,988</u>	<u>13,357,391</u>
Expenses						
General Government	\$ 1,396,128	\$ -	1,396,128	\$ 1,363,999	\$ -	1,363,999
Public Safety	329,762	-	329,762	323,160	-	323,160
Public Works	2,219,181	-	2,219,181	1,871,618	-	1,871,618
Health Department	80,190	-	80,190	74,826	-	74,826
Parks and Recreation	205,738	-	205,738	213,479	-	213,479
Miscellaneous	424,465	-	424,465	278,020	-	278,020
Board of Education	7,097,333	-	7,097,333	7,501,240	-	7,501,240
Sewer and Water Commission	-	552,301	552,301	-	504,508	504,508
Interest on Long Term Debt	36,939	14,019	50,958	93,702	16,608	110,310
Total Expenses	<u>11,789,736</u>	<u>566,320</u>	<u>12,356,056</u>	<u>11,720,044</u>	<u>521,116</u>	<u>12,241,160</u>
Change in Net Position	726,008	(37,520)	688,488	1,110,359	5,872	1,116,231
Net Position, beginning	<u>12,383,856</u>	<u>4,614,072</u>	<u>16,997,928</u>	<u>11,273,497</u>	<u>4,608,200</u>	<u>15,881,697</u>
Net Position, ending	<u>\$ 13,109,864</u>	<u>\$ 4,576,552</u>	<u>\$ 17,686,416</u>	<u>\$ 12,383,856</u>	<u>\$ 4,614,072</u>	<u>\$ 16,997,928</u>

Governmental Activities.

Approximately 89% of the revenues were derived from property taxes, followed by 5.8% from operating and capital grants, 3.0% from service charges, and 2.2% from grants and investment earnings. Detailed revenue information can be found on page 51.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 60% of the Town's expenses relate to education, 19% relate to public works, 12% for general government and 9% for all other activities.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

Governmental Funds.

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$2,946,383. Of this total fund balance, \$567,450 is assigned and committed. The remaining balance of \$2,378,383 is unassigned.

The fund balance of the Town's General Fund decreased by \$130,281 during the current fiscal year, compared to an expected decrease of \$529,241.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The town's investment in capital assets (net of accumulated depreciation) for its governmental and as of June 30, 2019 amounted to \$12,149,148. This investment in capital assets included land, buildings and system improvements, machinery and equipment and vehicles.

CAPITAL ASSETS, Net of Depreciation
June 30, 2019 and June 30, 2018

	<u>Governmental Activities</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land and Construction in Progress	\$ 653,804	\$ 274,081
Buildings and improvements	4,198,682	4,196,068
Machinery and equipment	1,154,157	869,659
Infrastructure	<u>6,142,505</u>	<u>6,280,661</u>
Total	<u>\$ 12,149,148</u>	<u>\$ 11,620,469</u>

TOWN OF SHARON, CONNECTICUT
Management's Discussion and Analysis
June 30, 2019

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding debt of \$6,991,228 related to governmental activities and \$379,678 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 \$1,295,571 during the current fiscal year reflecting the new borrowings of \$2,160,883 from a bond anticipation note for the transfer station, net of the principal amount repaid against the general obligation bonds and outstanding notes payable and the refinancing of bonds as described in Note 10 and detailed on page 65.

The Water and Sewer Commission total debt had a net decrease of \$103,757 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 36-39 and the detail schedule on page 65 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 by the spring of 2020. 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 2018/19 year and borrowed \$2,160,883 on a bond anticipation note to finance the ongoing construction work in progress.

The management of the Town of Sharon considered the following in preparation of the 2019/2020 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

All of the above factors were considered in preparing the Town's budget for the 2019-2020 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, 2019

	Primary Government		Total
	Governmental Activities	Buisness-Type Activities	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,663,850	\$ 157,464	\$ 6,821,314
Investments	451,710	-	451,710
Inventory	1,217	-	1,217
Prepaid Expenses	-	35,335	35,335
Receivables:			
Property Taxes	675,639	-	675,639
Accounts Receivable	6,520	150,298	156,818
Accrued interest and fees on property tax	483,486	-	483,486
Due From Other Governments	4,248	-	4,248
Capital Assets, not being depreciated	653,804	69,775	723,579
Capital Assets, net of accumulated depreciation	<u>11,495,344</u>	<u>4,543,358</u>	<u>16,038,702</u>
<u>TOTAL ASSETS</u>	<u>\$ 20,435,818</u>	<u>\$ 4,956,230</u>	<u>\$ 25,392,048</u>
<u>LIABILITIES</u>			
Accounts and Other Payables	\$ 169,722	\$ -	\$ 169,722
Security Deposit	1,000	-	1,000
Due to State	104,104	-	104,104
Accrued Compensated Absences, due within one year	22,688	-	22,688
Noncurrent Liabilities Bonds & Notes Payable:			
Due within one year	753,505	106,605	860,110
Due in more than one year	6,237,723	273,073	6,510,796
<u>TOTAL LIABILITIES</u>	<u>7,288,742</u>	<u>379,678</u>	<u>7,668,420</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance Tax Collections	<u>37,212</u>	<u>-</u>	<u>37,212</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,504,116	4,233,455	8,737,571
Restricetd Net Postion	-	140,000	140,000
Unrestricted	8,605,748	203,097	8,808,845
<u>TOTAL NET POSITION</u>	<u>13,109,864</u>	<u>4,576,552</u>	<u>17,686,416</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND AND NET POSITION</u>	<u>\$ 20,435,818</u>	<u>\$ 4,956,230</u>	<u>\$ 25,392,048</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ (1,396,128)	\$ 132,551	\$ 4,500	\$ -	\$ (1,259,077)	\$ -	\$ (1,259,077)
Public Safety	(329,762)	-	-	-	(329,762)	-	(329,762)
Public Works	(2,219,181)	155,370	358,975	-	(1,704,836)	-	(1,704,836)
Health Welfare	(80,190)	2,742	-	-	(77,448)	-	(77,448)
Parks and Recreation	(205,738)	8,960	-	-	(196,778)	-	(196,778)
Miscellaneous	(322,965)	57,806	53,382	-	(211,777)	-	(211,777)
Additional Budget Appropriations	(101,500)	-	-	-	(101,500)	-	(101,500)
Interest on Long Term Debt	(36,939)	-	-	-	(36,939)	-	(36,939)
Education	(7,097,333)	20,953	321,045	-	(6,755,335)	-	(6,755,335)
Total Governmental Activities	(11,789,736)	378,382	737,902	-	(10,673,452)	-	(10,673,452)
Business Type Activities							
Sewer and Water Commission	(566,320)	508,390	-	-	-	(57,930)	(57,930)
Total Primary Government	\$ (12,356,056)	\$ 886,772	\$ 737,902	\$ -	(10,673,452)	(57,930)	(10,731,382)
General Revenues:							
Property taxes					11,193,190	-	11,193,190
Grants and contributions not restricted to specific programs					58,516	-	58,516
Unrestricted investment earnings					147,754	20,410	168,164
Total General Revenues					11,399,460	20,410	11,419,870
Change in net position				-	726,008	(37,520)	688,488
Net position beginning of year					12,383,856	4,614,072	16,997,928
Net position end of year					\$ 13,109,864	\$ 4,576,552	\$ 17,686,416

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital and Non-Recurring Fund	Transfer Station Capital Fund	Non Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,219,175	\$ 733,664	\$ 2,151,067	\$ 559,944	\$ 6,663,850
Investments	-	-	-	451,710	451,710
Inventory	-	-	-	1,217	1,217
Receivables:					
Property Taxes	675,639	-	-	-	675,639
Accounts Receivable	6,520	-	-	-	6,520
Due From Other Funds	78,106	188,696	-	-	266,802
Due From Other Governments	-	-	-	4,248	4,248
<u>TOTAL ASSETS</u>	<u>3,979,440</u>	<u>922,360</u>	<u>2,151,067</u>	<u>1,017,119</u>	<u>8,069,986</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
	-	-	-	-	-
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 3,979,440</u>	<u>\$ 922,360</u>	<u>\$ 2,151,067</u>	<u>\$ 1,017,119</u>	<u>\$ 8,069,986</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts and Other Payables	\$ 77,603	\$ -	\$ -	\$ 92,119	\$ 169,722
Due to Other Funds	188,696	-	78,106	-	266,802
Security Deposit	1,000	-	-	-	1,000
Performance Bonds	104,104	-	-	-	104,104
<u>TOTAL LIABILITIES</u>	<u>371,403</u>	<u>-</u>	<u>78,106</u>	<u>92,119</u>	<u>541,628</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Advance Tax Collections	37,212	-	-	-	37,212
Unavailable Revenue - property taxes	624,442	-	-	-	624,442
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>661,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661,654</u>
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	1,217	1,217
Restricted	-	-	-	396,738	396,738
Committed	179,000	922,360	2,072,961	527,045	3,701,366
Assigned	388,450	-	-	-	388,450
Unassigned	2,378,933	-	-	-	2,378,933
<u>TOTAL FUND BALANCES</u>	<u>2,946,383</u>	<u>922,360</u>	<u>2,072,961</u>	<u>925,000</u>	<u>6,866,704</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 3,979,440</u>	<u>\$ 922,360</u>	<u>\$ 2,151,067</u>	<u>\$ 1,017,119</u>	<u>\$ 8,069,986</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2019

<u>Total fund balances for governmental funds</u>	\$ 6,866,704
Total net position reported for governmental activities in the statement of net assets is different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	12,149,148
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	624,442
Interest receivable on property taxes	483,486
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	(22,688)
General Obligation Bonds & Notes Payable	<u>(6,991,228)</u>
 <u>Net position of governmental activities</u>	 <u>\$ 13,109,864</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Reserve Fund	Transfer Station Capital Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 11,061,813	\$ -	\$ -	\$ -	\$ 11,061,813
Intergovernmental	293,253	-	-	424,631	717,884
Investment Income	79,594	9,205	7,684	51,271	147,754
Licenses Fees and Charges	-	-	-	-	-
Other Revenue	355,687	-	-	55,252	410,939
Contributions	-	-	-	872	872
Sales	-	24,152	-	20,953	45,105
Total Revenues	11,790,347	33,357	7,684	552,979	12,384,367
Expenditures:					
Current:					
General Government	1,346,916	-	-	-	1,346,916
Public Safety	321,660	-	-	8,102	329,762
Public Works	1,428,840	-	-	472,430	1,901,270
Health Department	80,190	-	-	-	80,190
Parks and Recreation	205,738	-	-	-	205,738
Miscellaneous	196,314	-	-	126,651	322,965
Additional Budget Appropriations	101,500	-	-	-	101,500
Debt Service	651,550	146,944	-	-	798,494
Education	6,876,443	-	-	104,727	6,981,170
Capital Outlay	-	589,890	379,723	50,367	1,019,980
Total Expenditures	11,209,151	736,834	379,723	762,277	13,087,985
Excess (deficiency) of Revenues Over Expenditures	581,196	(703,477)	(372,039)	(209,298)	(703,618)
Other Financing Sources (Uses):					
Proceeds From Borrowing	-	-	2,160,883	-	2,160,883
Transfers In	11,870	321,600	284,117	119,034	736,621
Transfers Out	(723,347)	-	-	(13,274)	(736,621)
Total Other Financing sources (Uses):	(711,477)	321,600	2,445,000	105,760	2,160,883
Net Change in Fund Balances	(130,281)	(381,877)	2,072,961	(103,538)	1,457,265
Fund Balances Beginning of Year	3,076,664	1,304,237	-	1,028,538	5,409,439
Fund Balances End of Year	\$ 2,946,383	\$ 922,360	\$ 2,072,961	\$ 925,000	\$ 6,866,704

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, 2019

Net change in fund balances for governmental funds \$ 1,457,265

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	1,019,980	
Depreciation expense	<u>(491,301)</u>	
Net adjustment	<u>528,679</u>	528,679

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

131,377

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

(2,160,883)

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

8,015

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

761,555

Change in net position of governmental activities \$ 726,008

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, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Property Taxes	\$11,005,514	\$11,005,514	\$11,061,813	\$ 56,299
Intergovernmental	39,671	39,671	44,008	4,337
Other Revenues	249,350	249,350	367,557	118,207
Interest Investments	25,000	25,000	79,594	54,594
Total Revenues	11,319,535	11,319,535	11,552,972	233,437
Expenditures:				
General Government	1,475,576	1,480,178	1,389,416	90,762
Public Safety	338,031	338,031	329,694	8,337
Public Works	1,558,722	1,558,858	1,528,840	30,018
Health Department	84,391	84,803	80,190	4,613
Parks and Recreation	237,407	232,257	225,305	6,952
Miscellaneous	228,890	228,890	225,660	3,230
Additional Budget Appropriations	-	535,617	535,617	-
Debt Service	686,550	686,550	686,550	-
Education	6,703,592	6,703,592	6,676,327	27,265
Total Expenditures	11,313,159	11,848,776	11,677,599	171,177
Excess of Revenues Over (Under) Expenditures	6,376	(529,241)	(124,627)	404,614
Other Financing Sources (Uses):				
Change in Encumbrances	-	-	(5,654)	(5,654)
Total Other Financing Sources (Uses)	-	-	(5,654)	(5,654)
Net Change In Fund Balance	\$ 6,376	\$ (529,241)	(130,281)	\$ 398,960
Fund Balance - Beginning Of Year			3,076,664	
Fund Balance - End Of Year			\$ 2,946,383	

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 157,464
Accounts Receivable, Net of Allowance	150,298
Prepaid Expenses	35,335
Capital Assets, Net of Accumulated Depreciation	
Land	69,775
Utility Plant, Net of Depreciation	<u>4,543,358</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,956,230</u>
 <u>LIABILITIES</u>	
Accounts and Other Payables	\$ -
Noncurrent Liabilities Bonds Payable:	
Due within one year	106,605
Due in more than one year	<u>273,073</u>
<u>TOTAL LIABILITIES</u>	<u>379,678</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	4,233,455
Restricted for Capital Improvements	140,000
Unrestricted	<u>203,097</u>
<u>TOTAL NET POSITION</u>	<u>4,576,552</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 4,956,230</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, 2019

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<u>Operating Revenue</u>	
Water Sales	\$ 352,927
Sewer Services	155,463
<u>Total Operating Revenues</u>	<u>508,390</u>
 <u>Operating Expenses</u>	
Operations Services	186,249
Chemicals	6,406
Depreciation	195,334
Electric	19,505
Repairs and Maintenance	60,960
Supplies	5,933
Telephone	2,655
Fuel	8,838
Other Costs	989
Professional Services	4,259
Wages and Payroll Taxes	20,040
Insurance	15,106
Lab Fees	11,387
Sewer Bed Cleaning	12,825
Meters	1,815
<u>Total Expenditures</u>	<u>552,301</u>
 <u>Operating Income (Loss)</u>	 <u>(43,911)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	1,874
Finance Charge Revenue	18,536
Interest Expense	(14,019)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>6,391</u>
 <u>Change In Net Position</u>	 <u>(37,520)</u>
 <u>Net Position, Beginning</u>	 <u>4,614,072</u>
 <u>Net Position, Ending</u>	 <u>\$ 4,576,552</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water Commission</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 509,681
Cash Payments to Suppliers	(368,003)
Cash Payments to Employees and Professional	(24,299)
<u>Net Cash Provided by Operating Activities</u>	<u>117,379</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(103,757)
Capital Additions	(43,501)
Interest Paid	(14,019)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>(161,277)</u>
 <u>Cash Flows From Investing Activities</u>	
Receipts of Interest	1,874
<u>Net Cash Provided by Investing Activities</u>	<u>1,874</u>
 <u>Net Increase (Decrease) in Cash</u>	 (42,024)
 <u>Cash, Beginning of Year</u>	 <u>199,488</u>
 <u>Cash, End of Year</u>	 <u>\$ 157,464</u>
 <u>Reconciliation of Operating Income to</u> <u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (43,911)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	195,334
Receipt of Other Revenue	18,536
(Increase) Decrease in Accounts Receivable	(17,245)
(Increase) Decrease in Prepaid Expenses	(35,335)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 117,379</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, 2019

	Pension Trust Funds	Agency Funds Student Activity Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 21,590
Receivables	95,060	-
Investments	1,293,299	-
<u>TOTAL ASSETS</u>	<u>\$ 1,388,359</u>	<u>\$ 21,590</u>
<u>LIABILITIES</u>		
Due to beneficiaries	\$ -	\$ 21,590
<u>TOTAL LIABILITIES</u>	-	21,590
<u>NET ASSETS</u>		
Net assets held in trust for pension benefits	1,388,359	-
<u>TOTAL NET ASSETS</u>	<u>1,388,359</u>	-
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,388,359</u>	<u>\$ 21,590</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, 2019

	<u>Pension Trust Fund</u>
<u>ADDITIONS</u>	
Employer Contributions	\$ 95,060
<u>Total Contributions</u>	<u>95,060</u>
<u>Investment Income</u>	
Dividend and Interest Earnings and gains/(losses)	69,980
<u>Total Investment Income</u>	<u>69,980</u>
<u>TOTAL ADDITIONS</u>	<u>165,040</u>
<u>DEDUCTIONS</u>	
Benefits	64,170
Administrative Expense	19,436
<u>TOTAL DEDUCTIONS</u>	<u>83,606</u>
<u>CHANGE IN NET POSITION</u>	<u>81,434</u>
<u>NET POSITION BEGINNING OF YEAR</u>	<u>1,306,925</u>
<u>NET POSITION END OF YEAR</u>	<u>\$ 1,388,359</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus Basis of Accounting, and Financial Statement Presentation

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

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

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

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

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

C. Accounting Estimates

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

D. Cash Equivalents

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

E. Interfund Transactions

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

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

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

F. Investments

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

G. Inventory

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

H. Property Taxes

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

Property taxes are assessed on property as of October 1. Real estate and personal property taxes are due and payable in four installments if over \$100 on July 1, October 1, January 1 and April 1, although a 30-day grace period is provided. Motor vehicle taxes are due and payable July 1, and motor vehicle supplemental taxes are due and payable January 1. Current tax collections for the year ended June 30, 2019 were 98.3% of the adjusted tax levy.

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

I. Capital Assets

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

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

J. Compensated Absences

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

K. Long-Term Obligations

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

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

L. Encumbrances

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

M. Deferred Outflows/Inflows of Resources

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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refunding in the government-wide statement of net position. The Town had no financial statement elements meeting the criteria to be reported as deferred outflows of resources.

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

N. Fund Equity and Net Position

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

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

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

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

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

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Restrictions may effectively be changed or lifted only with the consent of resource providers.

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Departments seeking additional appropriations or appropriation transfers between budgetary line items must make a written request to the Board of Finance through the Board of Selectmen. An additional appropriation to a budgetary line item requires approval at a Town meeting if it exceeds \$20,000 or is a second request by the asking board or department. An additional appropriation of \$20,000 or higher is voted by the citizens of the Town. Additional appropriations for the year ended June 30, 2019 amounted to \$535,617.

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	\$ 11,552,972	\$ 11,677,599
State on-behalf payments for Teachers Retirement and OPEB	249,245	249,245
Change in Encumbrances	-	5,654
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	<u>(11,870)</u>	<u>(723,347)</u>
Total GAAP Basis	<u>\$ 11,790,347</u>	<u>\$ 11,209,151</u>

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 3,219,175	\$ 3,797,758
Capital and Non-Recurring Fund	733,664	733,664
Transfer Station Capital Fund	2,151,067	2,151,067
Nonmajor Governmental Funds	639,089	659,322
Sewer and Water Commission	157,464	199,117
Agency Funds	21,590	21,590
Total Deposits	<u>6,922,049</u>	<u>7,562,518</u>
Less Certificates of deposit classified as investments	<u>(79,145)</u>	<u>(79,145)</u>
Total Cash and Cash Equivalents	<u>\$ 6,842,904</u>	<u>\$ 7,483,373</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$4,290,201 of the Town’s bank balance of \$5,725,701 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	3,757,956
Uninsured and collateralized with securities held by the pledging Bank’s trust department or agent but not in the Town’s name		532,245
	\$	<u>4,290,201</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, 2019, the Town had the following investments:

Pension investments held by administrator	\$	1,293,299
Equities held by Sharon Cemetery Fund		329,212
Fixed Income Funds held by Sharon Cemetery Fund		43,353
Total	\$	<u>1,665,864</u>

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

A reconciliation of the Town’s investments as of June 30, 2019 is as follows:

Government-wide statement of net position:		
Investments	\$	451,710
Less: certificates of deposit classified as investments		<u>(79,145)</u>
		372,565
Statement of fiduciary net position:		
Pension Trust Funds		<u>1,293,299</u>
	\$	<u>1,665,864</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

	June 30, 2019	Quoted Prices in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Trust Mutual Funds	\$ 1,293,299	\$ 1,293,299	\$ -	\$ -
Publically traded equity investments	372,565	372,565		
	<u>\$ 1,665,864</u>	<u>\$ 1,665,864</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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Concentrations of Credit Risk

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

Fair Value Measurements

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The town's investments are measured on a recurring basis using level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2019.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2019 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	\$ 675,639	\$ -	\$ -	\$ 675,639
Interest due on taxes	483,486	-	-	483,486
Grants Receivable	-	4,248		4,248
Accounts Receivable	<u>6,520</u>	<u>-</u>	<u>150,298</u>	<u>156,818</u>
Total Receivables	<u>\$ 1,165,645</u>	<u>\$ 4,248</u>	<u>\$ 150,298</u>	<u>\$ 1,320,191</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2019, interfund receivables and payables that resulted from various interfund transactions were as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 78,106	\$ 188,696
Transfer Station Capital Fund	-	78,106
Capital Non-Recurring Fund	<u>188,696</u>	<u>-</u>
Total	<u>\$ 266,802</u>	<u>\$ 266,802</u>

A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 11,870	\$ 723,347
Capital Non-Recurring Fund	321,600	-
Transfer Station Capotal Fund	284,117	
School Cafeteria Fund	20,000	-
Sharon Cemetery Fund	-	11,870
Town Clerk Preservation Fund	1,000	1,404
Amenia Landfill Fund	35,000	
Tree Committee	15,000	-
Dog Fund	8,034	-
Green Rehab Fund	10,000	-
Revaluation Fund	<u>30,000</u>	<u>-</u>
Total	<u>\$ 736,621</u>	<u>\$ 736,621</u>

NOTE 6 -DEFICIT FUND BALANCES

As of June 30, 2019, 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, 2019

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets, not being depreciated				
Land	\$ 274,081	\$ -	\$ -	\$ 274,081
Construction in Process	-	379,723	-	379,723
Total Capital Assets, not being depreciated	<u>274,081</u>	<u>379,723</u>	<u>-</u>	<u>653,804</u>
Capital Assets, being depreciated				
Building and Improvement	9,735,025	175,359	-	9,910,384
Machinery and Equipment	3,151,189	454,898	255,681	3,861,768
Infrastructure	7,382,824	10,000	-	7,392,824
Total Capital Assets being depreciated	<u>20,269,038</u>	<u>640,257</u>	<u>255,681</u>	<u>21,164,976</u>
Less Accumulated Depreciation for:				
Building and Improvement	5,538,957	172,745	-	5,711,702
Machinery and Equipment	2,281,530	170,400	255,681	2,707,611
Infrastructure	1,102,163	148,156	-	1,250,319
Total Accumulated Depreciation	<u>8,922,650</u>	<u>491,301</u>	<u>255,681</u>	<u>9,669,632</u>
Total Capital Assets, being depreciated net	<u>11,346,388</u>	<u>148,956</u>	<u>-</u>	<u>11,495,344</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,620,469</u>	<u>\$ 528,679</u>	<u>\$ -</u>	<u>\$ 12,149,148</u>
<u>Business Type Activities</u>				
Capital Assets, not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Land	69,775	-	-	69,775
Total Capital Assets, not being depreciated	<u>69,775</u>	<u>-</u>	<u>-</u>	<u>69,775</u>
Capital Assets, being depreciated				
Building and Improvement	6,796,503	-	-	6,796,503
Machinery and Equipment	1,213,265	43,501	-	1,256,766
Total Capital Assets being depreciated	<u>8,009,768</u>	<u>43,501</u>	<u>-</u>	<u>8,053,269</u>
Less Accumulated Depreciation for:				
Building and Improvement	2,750,201	169,835	-	2,920,036
Machinery and Equipment	564,376	25,499	-	589,875
Total Accumulated Depreciation	<u>3,314,577</u>	<u>195,334</u>	<u>-</u>	<u>3,509,911</u>
Total Capital Assets, being depreciated net	<u>4,695,191</u>	<u>(151,833)</u>	<u>-</u>	<u>4,543,358</u>
Business Type Activities Capital Assets, Net	<u>\$ 4,764,966</u>	<u>\$ (151,833)</u>	<u>\$ -</u>	<u>\$ 4,613,133</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Governmental Activities

General Governemnt Services	\$ 57,227
Public Works, including depreciation of general infrastructure assets	317,911
Education	116,163
Total Depreciation Expense - Governmental Activities	\$ 491,301

Business-Type Activities:

Sewer and Water Commission	\$ 195,334
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NOTE 10 - GENERAL LONG-TERM DEBT

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

	Governmental Activities	Business-Type Activities	Total
Bonds and Debt Payable June 30, 2018	5,591,900	483,435	\$ - 6,075,335
Additions	2,160,883	-	2,160,883
Deductions	(761,555)	(103,757)	(865,312)
Bonds and Debt Payable June 30, 2019	\$ 6,991,228	\$ 379,678	\$ - 7,370,906

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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Bonds and Debt Payable at June 30, 2018 are comprised of the following obligations:

Bonds payable dated 08/2016 to 08/2026 payable at various annual installments, including interest at 1.59%, final payment due 8/2026 - General Fund	\$ 4,210,000
Note payable dated 7/2016 to Caterpillar, payable \$54,014.77 per year, including interest at 2.75%, final payment due 7/2020 - General Fund	104,780
Note payable dated 1/2017 to Daimler, payable \$44,783.66 per year, including interest at 4.128%, final payment due 1/2022 - General Fund	123,977
Note payable dated 7/2015 to Salisbury Bank and Trust Company, payable \$40,038.46 per year, including interest at 2.65%, final payment due 07/2020 - General Fund	76,774
Note payable dated 6/2018 to Salisbury Bank and Trust Company, payable \$58,444.65 per year, including interest at 3.11%, final payment due 7/2025 - General Fund	314,814
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 \$930 a month, including interest at 4.25% final payment due 10/2040 - Enterprise Fund	153,288
Note payable dated 12/2000 to State of Connecticut Drinking Water Fund, payable \$1,110 a month, including interest at 2.60% final payment due 06/2020 - Enterprise Fund	13,133
Note payable dated 06/2001 to State of Connecticut Clean Water Fund, payable \$5,503 a month, including interest at 2.77%, final payment due 12/2020 - Enterprise Fund	96,908
Note payable dated 06/2004 to State of Connecticut Drinking Water Fund, payable \$2,275 a month, including interest at 2.40%, after first payment of \$27,166 in December 2004, final payment due 12/2023 - Enterprise Fund	116,349
Total Bonds and Notes Payable	<u>\$ 7,370,906</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	860,110	92,357	952,467
2021	2,966,605	75,645	3,042,250
2022	655,693	60,674	716,367
2023	610,143	48,054	658,197
2024	588,940	37,339	626,279
2025	571,577	27,133	598,710
2026	505,889	17,116	523,005
2027	501,148	8,947	510,095
2028	6,405	4,755	11,160
2029	6,700	4,460	11,160
2030	5,994	5,166	11,160
2031	7,302	3,858	11,160
2032	7,613	3,547	11,160
2033	7,957	3,203	11,160
2034	8,307	2,853	11,160
2035	8,672	2,488	11,160
2036	9,048	2,112	11,160
2037	9,451	1,709	11,160
2038	9,866	1,294	11,160
2039	10,300	860	11,160
2040	10,752	408	11,160
2041	2,434	129	2,563
	<u>\$ 7,370,906</u>	<u>\$ 404,107</u>	<u>\$ 7,775,013</u>

Of the above amounts, the Enterprise Fund is responsible for principal payments amounting to \$379,678 and interest payments amounting to \$92,460. 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.

Sharon is a member of Regional School District #1 which also provides education for grades one through twelve for the Towns of Canaan, Cornwall, Kent, North Canaan and Salisbury. As of June 30, 2019, the outstanding indebtedness of the District was \$6,628,000. The Town of Sharon's share will be approximately 16.30% of the outstanding indebtedness, or \$1,080,649. Such outstanding indebtedness represents general obligations of Regional School District #1 and its member towns. However, the Town is not required to record its share in its general-purpose financial statements.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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The Town's indebtedness does not exceed the legal debt limitation as established by the Connecticut General Statutes as reflected in the following schedule:

	<u>Debt</u> <u>Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$24,860,138	\$ 6,991,228	\$17,868,910
Schools	49,720,275	1,080,649	48,639,626
Sewers	41,433,563	379,678	41,053,885
Urban renewal	35,909,088	-	35,909,088

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, as adjusted, or \$77,342,650. Indebtedness pertaining to schools includes the Town's share of the outstanding indebtedness of Regional School District #1 of \$1,080,649.

NOTE 11- PENSION PLANS

MONEY PURCHASE PENSION PLAN

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

The Plan is accounted for using the accrual basis of accounting. Employer contributions are recognized when due. Plan assets are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Plan investments consist of two insurance contracts with Great West Retirement Service.

Total contributions made to the plan for the year ended June 30, 2019 by the Town were \$95,060.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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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.

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.

TOWN OF SHARON
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Employer (School Districts)

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

Employees

Effective July1, 1992, each teacher not covered by social security is required to contribute 6% of salary for the pension benefit. 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, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town’s proportional share of the net pension liability	\$	-
State’s proportionate share of the net pension liability associated with the Town		<u>5,439,209</u>
Total		<u>\$ 5,439,209</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, 2019, the Town had no proportionate share of the net position liability.

Actuarial Assumptions

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

Inflation	2.75%	
Salary Increases	3.25 – 6.50% including inflation	
Investment rate of return	8.00 %, net of 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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2010 – June 30, 2016.

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

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

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 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, 2019, the Town recognized \$610,455 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.

Other Information

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

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education OPEB Plan

Description of the Plan

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board, which includes the Retiree Health Insurance Plan (Connecticut State Teachers' OPEB). This Connecticut State Teachers'

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2018
Reporting Date	June 30, 2019
Inflation Rate	2.75%
Real Wage Growth	0.50%
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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Municipal bond index rate:

Measurement Date 3.87%

Prior Measurement Date 3.56%

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

Single equivalent interest rate:

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

Prior Measurement Date 3.56%, 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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2016.

Long-term rate of return

The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 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:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
US Treasuries (Cash Equivalents)	100.00%	0.27%	2.74%
Price Inflation		2.75%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. 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.

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$1,087,329 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, 2019, the Town recognized a negative \$361,210 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

NOTE 13 – RESTRICTED NET POSITION

As of June 30, 2019, the Board of Commissioners of the Water and Sewer Commission has restricted \$140,000 of Net Position for capital improvements.

NOTE 14 - CONTINGENCIES

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

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

NOTE 15 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

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

- GASB Statement Number 84 "Fiduciary Activities"
- GASB Statement Number 87 "Leases"
- GASB Statement Number 89 "Accounting for Interest Cost Incurred before the End of a Construction Period"
- GASB Statement Number 90 "Majority Equity Interests – an amendment of GASB Statements No 14 and No 61"
- GASB Statement Number 91 "Conduit Debt Obligations"

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

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

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 anticipated return on short-term fixed income investments Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of plan participation based upon recent experience and current expectations
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll
Remaining amortization period	30 years open
Investment rate of return	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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
<u>Property Taxes</u>				
Property taxes, interest and lien fees	\$ 10,805,514	\$ 10,805,514	\$ 10,884,458	\$ 78,944
Back Taxes	200,000	200,000	177,355	(22,645)
<u>Total Property Taxes</u>	<u>11,005,514</u>	<u>11,005,514</u>	<u>11,061,813</u>	<u>56,299</u>
<u>Intergovernmental</u>				
Education (ECS)	9,960	9,960	10,644	684
Pilot - State/Fed Property	100	100	1,198	1,098
Pilot - State Property	-	-	13,010	13,010
Tax Relief- Elderly & Veterans	2,000	2,000	2,233	233
TeleCom Property Tax	18,000	18,000	14,367	(3,633)
Pequot/Mohegan Grant	9,111	9,111	2,001	(7,110)
Miscellaneous Grants	500	500	555	55
<u>Total Intergovernmental</u>	<u>39,671</u>	<u>39,671</u>	<u>44,008</u>	<u>4,337</u>
<u>Other Revenues</u>				
Town Clerk fees	70,000	70,000	99,759	29,759
Town Beach	8,000	8,000	8,960	960
Vital Statistics	25,000	25,000	32,792	7,792
Building Permits	100,000	100,000	148,113	48,113
Zoning permits/ZBA	2,500	2,500	2,507	7
Cemetery Fund	12,100	12,100	11,870	(230)
Miscellaneous	26,750	26,750	57,806	31,056
Sharon Ridge Pilot	1,000	1,000	1,000	-
Sanitary Inspector	4,000	4,000	4,750	750
<u>Total Other Revenues</u>	<u>249,350</u>	<u>249,350</u>	<u>367,557</u>	<u>118,207</u>
<u>Interest - Investments</u>	<u>25,000</u>	<u>25,000</u>	<u>79,594</u>	<u>54,594</u>
<u>Total Revenues</u>	<u>\$ 11,319,535</u>	<u>\$ 11,319,535</u>	<u>\$ 11,552,972</u>	<u>\$ 233,437</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>General Government</u>				
Office of Selectman	\$ 82,500	\$ 82,500	\$ 82,174	\$ 326
Town Secretary	47,311	47,311	47,311	-
Probate Court	5,533	5,533	5,533	-
Elections	21,325	21,325	19,007	2,318
Board of Finance/Annual Report	1,000	1,000	717	283
Auditor	24,000	24,000	22,500	1,500
Town treasurer	17,524	17,524	17,309	215
Town Council	11,000	11,000	5,371	5,629
Assessors	113,220	113,220	110,000	3,220
Board of Assessment Appeals	3,000	3,000	1,733	1,267
Tax Collector	43,305	43,305	42,992	313
Town Clerk	87,640	87,640	87,433	207
Planning and Zoning Commission	46,102	46,102	39,601	6,501
Town Hall	136,598	136,598	118,843	17,755
Town Insurance	129,000	128,452	110,236	18,216
Employee Benefits	557,006	557,006	526,639	30,367
Building Official/Fire Marshall	114,075	114,075	114,075	-
Miscellaneous Administration	19,784	19,784	17,139	2,645
Community Hall	15,653	20,803	20,803	-
<u>Total General Government</u>	<u>1,475,576</u>	<u>1,480,178</u>	<u>1,389,416</u>	<u>90,762</u>
<u>Public Safety</u>				
Fire	266,727	266,727	261,136	5,591
Constables	450	450	350	100
Street Lighting	7,800	7,800	6,139	1,661
Water Hydrants	52,000	52,000	51,376	624
Civil Preparedness	10	10	-	10
Dog Warden	11,044	11,044	10,693	351
<u>Total Public Safety</u>	<u>338,031</u>	<u>338,031</u>	<u>329,694</u>	<u>8,337</u>
<u>Public Works</u>				
Highways and Roadways	1,223,280	1,223,280	1,193,262	30,018
Municipal Waste	235,442	235,578	235,578	-
Equipment Replacement	100,000	100,000	100,000	-
<u>Total Public Works</u>	<u>1,558,722</u>	<u>1,558,858</u>	<u>1,528,840</u>	<u>30,018</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Health Department</u>				
Conservation of Health	33,696	33,696	31,533	2,163
Sanitary Inspector	2,575	2,575	1,200	1,375
Public Health Nurse	4,200	4,200	3,125	1,075
Welfare and Social Services	43,920	44,332	44,332	-
<u>Total Health Department</u>	<u>84,391</u>	<u>84,803</u>	<u>80,190</u>	<u>4,613</u>
<u>Parks and Recreation</u>				
Recreation	28,579	27,491	27,491	-
Youth Services	95,128	95,128	89,137	5,991
Town Beach	70,700	66,638	66,638	-
Sharon Green	43,000	43,000	42,039	961
<u>Total Parks and Recreation</u>	<u>237,407</u>	<u>232,257</u>	<u>225,305</u>	<u>6,952</u>
<u>Miscellaneous</u>				
Hotchkiss Library	70,000	70,000	70,000	-
Strategic plan	6,800	6,800	6,750	50
Contingency	10	10	-	10
Contributions	69,367	69,367	69,357	10
Other	50,613	50,613	47,683	2,930
Cemeteries	12,100	12,100	11,870	230
Reserve for Capital Non-Recurring	20,000	20,000	20,000	-
<u>Total Miscellaneous</u>	<u>228,890</u>	<u>228,890</u>	<u>225,660</u>	<u>3,230</u>
<u>Debt Service</u>				
General Obligations Bonds	651,550	651,550	651,550	-
Old Amenia Landfill	35,000	35,000	35,000	-
<u>Total Debt Service</u>	<u>686,550</u>	<u>686,550</u>	<u>686,550</u>	<u>-</u>
<u>Additional Budget Appropriations</u>				
Veterans Field Walking Track	-	30,000	30,000	-
Equipment Replacement fund	-	150,000	150,000	-
Playground Sharon Beach	-	25,000	25,000	-
Transfer Station Fund	-	284,117	284,117	-
Hotchkiss Library	-	36,500	36,500	-
Sharon Historical Society	-	10,000	10,000	-
<u>Total Additional Budget Appropriations</u>	<u>-</u>	<u>535,617</u>	<u>535,617</u>	<u>-</u>
<u>Education</u>				
Elementary Education	4,259,473	4,259,473	4,259,473	-
Regional Education	2,444,119	2,444,119	2,416,854	27,265
<u>Total Education</u>	<u>6,703,592</u>	<u>6,703,592</u>	<u>6,676,327</u>	<u>27,265</u>
<u>Total Expenditures</u>	<u>11,313,159</u>	<u>11,848,776</u>	<u>11,677,599</u>	<u>171,177</u>
<u>Excess (Deficiency) of Revenues</u>				
<u>Over (Under) Expenditures</u>	<u>\$ 6,376</u>	<u>\$ (529,241)</u>	<u>\$ (124,627)</u>	<u>\$ 404,614</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<u>Salaries:</u>				
<u>Certified personnel:</u>				
Teachers	\$ 1,465,330	\$ 1,465,330	\$ 1,480,109	\$ 14,779
Remedial Instruction	73,649	73,649	56,446	(17,203)
Interscholastic Sports Coaches and Referees	15,216	15,216	10,688	(4,528)
Extra Pay for Extra Duty	42,840	42,840	23,455	(19,385)
Special Programs	6,961	6,961	7,243	282
Principal	133,692	133,692	133,692	-
Substitutes	35,100	35,100	27,950	(7,150)
Total Certified Personnel	<u>1,772,788</u>	<u>1,772,788</u>	<u>1,739,583</u>	<u>(33,205)</u>
<u>Non Certified Personnel:</u>				
Teacher Assistants	79,762	79,762	74,184	(5,578)
Computer Technologist	53,163	53,163	53,582	419
School Nurse, RN	50,425	50,425	50,445	20
Board Clerk	45,523	45,523	45,810	287
Secretaries	102,509	102,509	103,267	758
Substitute Stipend	4,393	4,393	4,393	-
Head Custodian/Assistant Custodian	174,929	174,929	174,805	(124)
Custodial Overtime	6,986	6,986	6,863	(123)
Teacher Assistants Substitutes	2,000	2,000	6,900	4,900
School Nurse Substitutes	2,000	2,000	1,663	(337)
Office Substitutes	1,000	1,000	187	(813)
Custodial Substitutes	6,130	6,130	5,626	(504)
Total Non Certified Personnel	<u>528,820</u>	<u>528,820</u>	<u>527,725</u>	<u>(1,095)</u>
<u>Total Salaries</u>	<u>2,301,608</u>	<u>2,301,608</u>	<u>2,267,308</u>	<u>(34,300)</u>
<u>Employee Benefits:</u>				
Health Insurance	641,963	641,963	555,729	(86,234)
Social Security/Medicare	73,853	73,853	75,660	1,807
Pension Plan Classified	38,656	38,656	36,231	(2,425)
Annuity - Principal	2,674	2,674	2,674	-
Reimbursement Graduate Credits	1,800	1,800	-	(1,800)
Unemployment Compensation	1,000	1,000	-	(1,000)
Workers' Compensation	14,877	14,877	12,831	(2,046)
Life Insurance	4,453	4,453	4,763	310
<u>Total Employee Benefits</u>	<u>779,276</u>	<u>779,276</u>	<u>687,888</u>	<u>(91,388)</u>
<u>Purchased Services:</u>				
<u>Professional / Educational</u>				
Board of Education In-service	100	100	525	425
Assemblies & Student Activities	18,227	18,227	12,604	(5,623)
In Service/Curriculum Dev, Staff Training	11,425	11,425	16,548	5,123
Public Relations	600	600	1,059	459
School Physicians	600	600	600	-
Legal, Negotiation Fees, Contracts	1,500	1,500	3,622	2,122
Audit ED 001 Report, Cafeteria, All Audits	5,000	5,000	4,000	(1,000)
Technology Support Services	18,400	18,400	15,900	(2,500)
Total professional services	<u>55,852</u>	<u>55,852</u>	<u>54,858</u>	<u>(994)</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2019

	<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	7,595	(885)
Cleaning Services	2,500	2,500	1,862	(638)
Refuse Removal - Recycling	5,826	5,826	5,616	(210)
Upkeep of Grounds/Buildings	27,500	27,500	39,279	11,779
Service Office, AV, Music Equipment	7,867	7,867	6,639	(1,228)
Building repairs	65,919	65,919	110,232	44,313
Emergency	10,000	10,000	13,216	3,216
Scheduled Painting	10,000	10,000	13,168	3,168
Asbestos Removal/Mgmt. Plan/Testing	500	500	560	60
Total property services	<u>138,592</u>	<u>138,592</u>	<u>198,167</u>	<u>59,575</u>
Other Purchased Services				
All-Star Bus Contract	286,650	286,650	229,320	(57,330)
School Class Trips	19,345	19,345	12,248	(7,097)
Multi-peril Insurance	39,356	39,356	34,640	(4,716)
Student Athletic Insurance	375	375	405	30
Postage	2,500	2,500	1,290	(1,210)
Telephone	10,821	10,821	10,389	(432)
Advertising	585	585	1,022	437
Printing -Graduation Prog, diploma, etc.	700	700	1,596	896
Summer School Remedial	3,766	3,766	396	(3,370)
Staff Travel, Prof Memb, Conf-All Staff	7,500	7,500	6,355	(1,145)
Technology	43,762	43,762	44,379	617
Total other purchased services	<u>415,360</u>	<u>415,360</u>	<u>342,040</u>	<u>(73,320)</u>
<u>Total - Purchased Services</u>	<u>609,804</u>	<u>609,804</u>	<u>595,065</u>	<u>(14,739)</u>
<u>Supplies</u>				
Classroom Supplies	29,400	29,400	41,769	12,369
Art Supplies	3,150	3,150	2,749	(401)
Music Supplies	3,150	3,150	3,478	328
Physical Education Supplies	5,775	5,775	5,313	(462)
Test Materials	800	800	1,680	880
Consumable Workbooks	7,028	7,028	17,881	10,853
Medical Supplies	2,000	2,000	1,643	(357)
Audio Visual Materials	2,500	2,500	280	(2,220)
Computer Software -Internet Subscriptions	33,385	33,385	28,759	(4,626)
Office Supplies	8,250	8,250	9,054	804
PBIS Supplies	500	500	113	(387)
Graduation Supplies	2,500	2,500	2,016	(484)
Custodial Supplies	29,317	29,317	24,122	(5,195)
Maintenance Supplies	33,284	33,284	39,029	5,745
Electricity	70,339	70,339	56,423	(13,916)
Heating Fuel	36,000	36,000	50,131	14,131
Diesel Fuel	27,000	27,000	28,308	1,308
Textbooks	19,000	19,000	41,014	22,014
Library Books	8,440	8,440	10,461	2,021
Library: Supplies/Periodicals/Newspapers	6,400	6,400	9,585	3,185
<u>Total Supplies</u>	<u>328,218</u>	<u>328,218</u>	<u>373,808</u>	<u>45,590</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<u>Property</u>				-
Equipment, Instructional	3,965	3,965	7,487	3,522
Equipment, Non-instructional	3,000	3,000	4,982	1,982
<u>Total Property</u>	<u>6,965</u>	<u>6,965</u>	<u>12,469</u>	<u>5,504</u>
<u>Dues and Fees</u>				
Education Connection	852	852	3,739	2,887
<u>Total Dues and Fees</u>	<u>852</u>	<u>852</u>	<u>3,739</u>	<u>2,887</u>
<u>Capital Expenses</u>				
Transfer Cafeteria	25,000	25,000	20,000	(5,000)
Capital Expense	207,750	207,750	299,196	91,446
<u>Total Capital Expenses</u>	<u>232,750</u>	<u>232,750</u>	<u>319,196</u>	<u>86,446</u>
 <u>TOTAL SHARON BOARD OF EDUCATION</u>	 <u>4,259,473</u>	 <u>4,259,473</u>	 <u>4,259,473</u>	 <u>-</u>
 <u>Region One</u>				
High School	1,703,148	1,703,148	1,712,582	9,434
Pupil Services	615,374	615,374	578,548	(36,826)
Administrative Services	125,597	125,597	125,724	127
<u>Total Region One</u>	<u>2,444,119</u>	<u>2,444,119</u>	<u>2,416,854</u>	<u>(27,265)</u>
 <u>TOTAL EDUCATION EXPENDITURES</u>	 <u>\$ 6,703,592</u>	 <u>\$ 6,703,592</u>	 <u>\$ 6,676,327</u>	 <u>\$ (27,265)</u>

TOWN OF SHARON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Town Aid Road Fund	School Cafeteria Fund	Special Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 360,092	\$ 5,069	\$ -	\$ 22,916	\$ 3,299	\$ 12,576	\$ 9,860
Investments	-	-	-	-	47,567	31,578	372,565
Inventory	-	1,217	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due From Other Governments	-	4,248	-	-	-	-	-
TOTAL ASSETS	360,092	10,534	-	22,916	50,866	44,154	382,425
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 360,092	\$ 10,534	\$ -	\$ 22,916	\$ 50,866	\$ 44,154	\$ 382,425
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 90,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	90,607	-	-	-	-	-	-
<u>Fund Balances:</u>							
Nonspendable	-	1,217	-	-	-	-	-
Restricted	269,485	9,317	-	22,916	50,866	44,154	-
Committed	-	-	-	-	-	-	382,425
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	269,485	10,534	-	22,916	50,866	44,154	382,425
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 360,092	\$ 10,534	\$ -	\$ 22,916	\$ 50,866	\$ 44,154	\$ 382,425

TOWN OF SHARON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	67 Main Street Fund	Sharon Community Center	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
<u>ASSETS</u>									
Cash and cash equivalents	\$ 48,963	\$ -	\$ 10,383	\$ 4,455	\$ 13,924	\$ 36,588	\$ 28,955	\$ 2,864	\$ 559,944
Investments	-	-	-	-	-	-	-	-	451,710
Inventory	-	-	-	-	-	-	-	-	1,217
Accounts Receivable	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	-	4,248
TOTAL ASSETS	48,963	-	10,383	4,455	13,924	36,588	28,955	2,864	1,017,119
<u>DEFERRED OUTFLOWS OF RESOURCES</u>									
	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 48,963	\$ -	\$ 10,383	\$ 4,455	\$ 13,924	\$ 36,588	\$ 28,955	\$ 2,864	\$1,017,119
<u>LIABILITIES AND FUND BALANCES</u>									
<u>Liabilities:</u>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,512	\$ -	\$ -	\$ -	\$ 92,119
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	1,512	-	-	-	92,119
<u>Fund Balances:</u>									
Nonspendable	-	-	-	-	-	-	-	-	1,217
Restricted	-	-	-	-	-	-	-	-	396,738
Committed	48,963	-	10,383	4,455	12,412	36,588	28,955	2,864	527,045
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	48,963	-	10,383	4,455	12,412	36,588	28,955	2,864	925,000
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 48,963	\$ -	\$ 10,383	\$ 4,455	\$ 13,924	\$ 36,588	\$ 28,955	\$ 2,864	\$1,017,119

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, 2019

	Town Aid Road Fund	School Cafeteria Fund	Special Education Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
Revenues:							
Intergovernmental Contributions	\$ 358,975	\$ 29,567	\$ 31,589	\$ -	\$ -	\$ -	\$ -
Investment Income	178	-	-	872	896	535	46,287
Other Income	-	-	-	26,543	-	250	-
Sales	-	20,953	-	-	-	-	-
Total Revenues	359,153	50,520	31,589	29,409	896	785	46,287
Expenditures:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	426,809	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	40,667	1,000	1,939	-
Debt Service	-	-	-	-	-	-	-
Education	-	73,138	31,589	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	426,809	73,138	31,589	40,667	1,000	1,939	-
Excess of Revenues Over (Under) Expenditures	(67,656)	(22,618)	-	(11,258)	(104)	(1,154)	46,287
Other Financing Sources (Uses):							
Operating Transfers In	-	20,000	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	(11,870)
Total Other Financing Sources (Uses)	-	20,000	-	-	-	-	(11,870)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(67,656)	(2,618)	-	(11,258)	(104)	(1,154)	34,417
Fund Balances Beginning of Year	337,141	13,152	-	34,174	50,970	45,308	348,008
Fund Balances End of Year	\$ 269,485	\$ 10,534	\$ -	\$ 22,916	\$ 50,866	\$ 44,154	\$ 382,425

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, 2019

	67 Main Street Fund	Sharon Community Center	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
Revenues:									
Intergovernmental	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,631
Contributions	-	-	-	-	-	-	-	-	872
Investment Income	254	4	59	74	76	597	183	134	51,271
Other Income	22,600	-	3,117	-	2,742	-	-	-	55,252
Sales	-	-	-	-	-	-	-	-	20,953
Total Revenues	22,854	4	7,676	74	2,818	597	183	134	552,979
Expenditures:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	8,102	-	-	-	8,102
Public Works	-	-	-	-	-	45,621	-	-	472,430
Health Department	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	1,575	11,098	14,125	-	-	-	56,247	126,651
Debt Service	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	104,727
Capital Outlay	33,387	-	-	-	-	-	16,980	-	50,367
Total Expenditures	33,387	1,575	11,098	14,125	8,102	45,621	16,980	56,247	762,277
Excess of Revenues Over (Under) Expenditures	(10,533)	(1,571)	(3,422)	(14,051)	(5,284)	(45,024)	(16,797)	(56,113)	(209,298)
Other Financing Sources (Uses):									
Operating Transfers In	-	-	1,000	15,000	8,034	35,000	10,000	30,000	119,034
Operating Transfers Out	-	-	(1,404)	-	-	-	-	-	(13,274)
Total Other Financing Sources (Uses)	-	-	(404)	15,000	8,034	35,000	10,000	30,000	105,760
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(10,533)	(1,571)	(3,826)	949	2,750	(10,024)	(6,797)	(26,113)	(103,538)
Fund Balances Beginning of Year	59,496	1,571	14,209	3,506	9,662	46,612	35,752	28,977	1,028,538
Fund Balances End of Year	\$ 48,963	\$ -	\$ 10,383	\$ 4,455	\$ 12,412	\$ 36,588	\$ 28,955	\$ 2,864	\$ 925,000

TOWN OF SHARON
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	AGENCY FUNDS		
	School Activities Fund	Library Fund	Total Agency Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 21,515	\$ 75	\$ 21,590
Due From Other Funds	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 21,515</u>	<u>\$ 75</u>	<u>\$ 21,590</u>
<u>LIABILITIES AND NET POSTION</u>			
<u>Liabilities:</u>			
Due to beneficiaries	\$ 21,515	\$ 75	\$ 21,590
<u>Total Liabilities</u>	<u>21,515</u>	<u>75</u>	<u>21,590</u>
<u>Net Position</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 21,515</u>	<u>\$ 75</u>	<u>\$ 21,590</u>

TOWN OF SHARON
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>SCHOOL ACTIVITY FUND</u>	<u>BALANCE JULY 1, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2019</u>
Assets:				
Cash	\$ 22,521	\$ 25,915	\$ 26,921	\$ 21,515
Liabilities:				
Due to students	\$ 22,521	\$ 25,915	\$ 26,921	\$ 21,515
<u>LIBRARY FUND</u>				
Assets:				
Cash	\$ 15	\$ 75	\$ 15	\$ 75
Due from General Fund	-	-	-	-
	<u>15</u>	<u>75</u>	<u>15</u>	<u>75</u>
Liabilities:				
Due to others	\$ 15	\$ 75	\$ 15	\$ 75
<u>TOTAL ALL FUNDS</u>				
Assets:				
Cash	\$ 22,536	\$ 25,990	\$ 26,936	\$ 21,590
Due from General Fund	-	-	-	-
Total Assets	<u>\$ 22,536</u>	<u>\$ 25,990</u>	<u>\$ 26,936</u>	<u>\$ 21,590</u>
Liabilities:				
Due to students and others	<u>\$ 22,536</u>	<u>\$ 25,990</u>	<u>\$ 26,936</u>	<u>\$ 21,590</u>

TOWN OF SHARON
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2019

Revenue from taxation for the
year ended June 30, 2019

Taxes	\$ 10,953,551
Interest and lien fees	93,166
Total	<u>11,046,717</u>

Reimbursed for:

Tax relief for elderly	<u>2,233</u>
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Base	<u>\$ 11,048,950</u>
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	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
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	4,210,000	-	-	-
Notes Payable	2,781,228	-	-	-
Regional School District #1	-	1,080,649	-	-
Sewer Bonds & Notes	-	-	379,678	-
Total indebtedness	<u>6,991,228</u>	<u>1,080,649</u>	<u>379,678</u>	<u>-</u>

Debt limitation in excess of
outstanding and authorized debt

	<u>\$ 17,868,910</u>	<u>\$ 48,639,626</u>	<u>\$ 41,053,885</u>	<u>\$ 35,909,088</u>
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Total capacity of borrowing (7 times base)

\$ 77,342,650

Total present indebtedness

8,451,555

Margin for additional borrowing

\$ 68,891,095

TOWN OF SHARON
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Grand List Year	Balances 6/30/2018	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Transfers To Suspense	Balances 6/30/2019
			Additions	Deductions		Taxes	Interest	Liens	Total		
2017	\$ -	\$ 11,063,541	\$ 15,545	\$ 19,046	\$ 11,060,040	\$ 10,869,362	\$ 42,408	\$ -	10,911,770	\$ -	\$ 190,678
2016	118,940	-	495	1,864	117,571	31,090	17,131	1,392	49,613	-	86,481
2015	102,247	-	-	-	102,247	35,999	12,855	408	49,262	-	66,248
2014	59,142	-	-	29	59,113	7,484	4,791	167	12,442	-	51,629
2013	47,377	-	-	-	47,377	4,055	1,767	48	5,870	-	43,322
2012	46,911	-	-	-	46,911	2,463	3,351	48	5,862	-	44,448
2011	51,465	-	-	-	51,465	2,274	1,093	-	3,367	-	49,191
2010	44,062	-	-	-	44,062	40	480	24	544	-	44,022
2009	37,985	-	-	-	37,985	741	2,130	-	2,871	-	37,244
2008	24,172	-	-	-	24,172	20	5,033	-	5,053	-	24,152
2007	9,959	-	-	-	9,959	23	40	-	63	-	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
2002	3,235	-	-	-	3,235	-	-	-	-	3,235	-
Totals	<u>\$ 573,783</u>	<u>\$ 11,063,541</u>	<u>\$ 16,040</u>	<u>\$ 20,939</u>	<u>\$ 11,632,425</u>	<u>\$ 10,953,551</u>	<u>\$ 91,079</u>	<u>\$ 2,087</u>	<u>\$ 11,046,717</u>	<u>\$ 3,235</u>	<u>\$ 675,639</u>

TOWN OF SHARON
SCHEDULE OF DEBT
Year Ended June 30, 2019

	General Fund			Transfer Station	Capital Reserve Fund			Enterprise Fund				Totals
	2016/17 Caterpillar Motor Grader	2016/17 Daimeler Freightliner	2016 General Obligation Bonds	Bond Anticipation Note	2015/16 Tractor Loan	6/18/2018 2 Freightliner Loan	2015/16 Freightliner Loan	2005 Drinking Water Fund	2000 Drinking Water Fund	2001 Clean Water Fund	2010 Sewer Loan	
Long Term Debt Payable July 1, 2018	\$ 156,064	\$ 162,071	\$ 4,790,000	\$ -	\$ 7,968	\$ 362,000	\$ 113,797	\$ 140,543	\$ 25,928	\$ 159,316	\$ 157,648	\$ 6,075,335
Issuances of New Debt	-	-	-	2,160,883	-	-	-	-	-	-	-	2,160,883
Payments During Year	(51,284)	(38,094)	(580,000)	-	(7,968)	(47,186)	(37,023)	(24,194)	(12,795)	(62,408)	(4,360)	(865,312)
Long Term Debt Payable June 30, 2019	<u>\$ 104,780</u>	<u>\$ 123,977</u>	<u>\$ 4,210,000</u>	<u>\$ 2,160,883</u>	<u>\$ -</u>	<u>\$ 314,814</u>	<u>\$ 76,774</u>	<u>\$ 116,349</u>	<u>\$ 13,133</u>	<u>\$ 96,908</u>	<u>\$ 153,288</u>	<u>\$ 7,370,906</u>
Maturities by Fiscal Years Ending June 30:												
2020	52,181	39,666	575,000	-	-	48,654	38,004	24,781	13,133	64,158	4,533	860,110
2021	52,599	41,303	560,000	2,160,883	-	50,167	38,770	25,383	-	32,750	4,750	2,966,605
2022	-	43,008	530,000	-	-	51,727	-	25,999	-	-	4,959	655,693
2023	-	-	525,000	-	-	53,336	-	26,630	-	-	5,177	610,143
2024	-	-	515,000	-	-	54,995	-	13,556	-	-	5,389	588,940
2025	-	-	510,000	-	-	55,935	-	-	-	-	5,642	571,577
2026	-	-	500,000	-	-	-	-	-	-	-	5,889	505,889
2027	-	-	495,000	-	-	-	-	-	-	-	6,148	501,148
2028	-	-	-	-	-	-	-	-	-	-	6,405	6,405
2029	-	-	-	-	-	-	-	-	-	-	6,700	6,700
2030	-	-	-	-	-	-	-	-	-	-	5,994	5,994
2031	-	-	-	-	-	-	-	-	-	-	7,302	7,302
2032	-	-	-	-	-	-	-	-	-	-	7,613	7,613
2033	-	-	-	-	-	-	-	-	-	-	7,957	7,957
2034	-	-	-	-	-	-	-	-	-	-	8,307	8,307
2035	-	-	-	-	-	-	-	-	-	-	8,672	8,672
2036	-	-	-	-	-	-	-	-	-	-	9,048	9,048
2037	-	-	-	-	-	-	-	-	-	-	9,451	9,451
2038	-	-	-	-	-	-	-	-	-	-	9,866	9,866
2039	-	-	-	-	-	-	-	-	-	-	10,300	10,300
2040	-	-	-	-	-	-	-	-	-	-	10,752	10,752
2041	-	-	-	-	-	-	-	-	-	-	2,434	2,434
	<u>\$ 104,780</u>	<u>\$ 123,977</u>	<u>\$ 4,210,000</u>	<u>\$ 2,160,883</u>	<u>\$ -</u>	<u>\$ 314,814</u>	<u>\$ 76,774</u>	<u>\$ 116,349</u>	<u>\$ 13,133</u>	<u>\$ 96,908</u>	<u>\$ 153,288</u>	<u>\$ 7,370,906</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, CT, as of and for the year ended June 30, 2019, 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 24, 2019.

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 24, 2019



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, 2019. 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, 2019.

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 24, 2019
Canaan, Connecticut

TOWN OF SHARON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program CORE-CT Number</u>	<u>Expenditures</u>
NONEXEMPT PROGRAMS		
DEPARTMENT OF TRANSPORTATION		
Town Aid Road	12052-DOT57131-43455	\$ 179,487
Town Aid Road - STO	12052-DOT57131-43459	179,487
		<u>358,974</u>
CONNECTICUT STATE LIBRARY		
Historic Preservation Grant	12060-CSL66094-35150	<u>4,500</u>
JUDICIAL BRANCH		
Judicial Fines and Fees	34001-JUD95162-40001	<u>555</u>
		<u>555</u>
DEPARTMENT OF EDUCATION		
Child Nutrition Program	11000-SDE64000-16211	591
School Breakfast	11000-SDE64000-17046	2,898
		<u>3,489</u>
OFFICE OF POLICY AND MANAGEMENT		
Property Tax Relief for Veterans	11000-OPM20600-17024	2,211
PILOT on State Owned Property	11000-OPM20600-17004	13,010
Property Tax Relief for Elderly and Disabled Homeowners	11000-OPM20600-17011	22
		<u>15,243</u>
Total State Financial Assistance Before Exempt Programs		<u>382,761</u>
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION		
Education Cost Sharing	11000-SDE64000-17041	<u>10,644</u>
Total Department of Education		<u>10,644</u>
OFFICE OF POLICY AND MANAGEMENT		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	<u>2,001</u>
Total Office of Policy and Management		<u>2,001</u>
Total Exempt Programs		<u>12,645</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 395,406</u>

TOWN OF SHARON

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2019

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDIT RESULTS

Financial Statements

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

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ x No
Significant deficiency(ies) identified	_____ Yes	_____ x 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	_____ x No

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>		
Town Aid Road	12052-DOT57131-43455	\$ 179,487
Town Aid Road - STO	12052-DOT57131-43459	\$ 179,487
Dollar threshold used to distinguish between type A and type B programs:		\$ 100,000

II - FINANCIAL STATEMENT FINDINGS

No Matters were reported

III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No Matters were reported