

**TOWN OF SHARON**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**



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

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Independent Auditors' Report

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

**Opinions**

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, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Sharon, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sharon, Connecticut, as of June 30, 2022, 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.

**Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Sharon, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Sharon, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*



*Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Sharon, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Sharon, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions to the Defined Benefit Pension Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sharon, Connecticut's basic financial statements. The general fund budgetary comparison detail schedules and the 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. Such information is the responsibility of management and was derived from and relates directly

to the underlying accounting and other records used to prepare the basic financial statements. The 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 other schedules 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 Governmental Auditing Standards, we have also issued our report dated December 13, 2022 on our consideration of the Town of Sharon, Connecticut'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 solely 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 the effectiveness of the Town of Sharon, Connecticut's 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, Connecticut's internal control over financial reporting and compliance.



Sinnamon & Associates, LLC  
Certified Public Accountants

December 13, 2022  
Canaan Connecticut

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

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, 2022. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section. Wherever possible, reference to the financial statements is provided.

**FINANCIAL HIGHLIGHTS**

On a government-wide basis the Town's assets of \$26,944,052 exceeded its liabilities at June 30, 2022, resulting in a total net position of \$22,096,987. Unrestricted net position was \$6,965,515 and was available to meet ongoing government obligations. Of that amount \$6,723,524 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance is \$5,450,374, an increase of \$91,041 for the year. The General Fund operating increase for the year was \$297,493 vs. an adjusted budgeted decrease of \$675,346. The General Fund balance was \$3,369,167, of which \$1,685,957 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$1,683,210 or 15.14 % 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).

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.

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

The government-wide financial statements can be found on pages 12 -13 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 14 - 18 of this report.

**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, inly in more detail. The funds are combined unto single, aggregated presentation in the proprietary fund financial statements.

The basic Proprietary fund statements can be found on pages 19 - 21 of this report.



TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**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 22-23 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 24 - 49 of this report.

**Other Information.**

The required supplementary information for the Town's proportionate share of the Connecticut State Teachers Retirement Pension and OPEB liability can be found on pages 50-51 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following notes to the financial statements. Combining and individual fund statements and other schedules can be found on pages 52 – 64 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$26,944,052 at the close of the most recent fiscal year.

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

The Town's net position increased by \$1,675,606 during the current fiscal year.

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**NET POSITION - June 30, 2022 and June 30, 2021**

	6/30/2022 Net Position			6/30/2021 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<b>ASSETS</b>						
Current and Other Assets	\$ 6,531,230	\$ 431,792	\$ 6,963,022	\$ 6,815,237	\$ 303,479	\$ 7,118,716
Capital Assets	15,329,175	4,196,702	19,525,877	14,793,132	4,356,951	19,150,083
Non Current Assets	455,153	-	455,153	434,755	-	434,755
<b>TOTAL ASSETS</b>	<b>22,315,558</b>	<b>4,628,494</b>	<b>26,944,052</b>	<b>22,043,124</b>	<b>4,660,430</b>	<b>26,703,554</b>
<b>LIABILITIES</b>						
Current Liabilities	1,156,048	107,090	1,263,138	1,683,053	55,968	1,739,021
Non Current Liabilities	3,525,725	58,202	3,583,927	4,424,437	115,491	4,539,928
<b>TOTAL LIABILITIES</b>	<b>4,681,773</b>	<b>165,292</b>	<b>4,847,065</b>	<b>6,107,490</b>	<b>171,459</b>	<b>6,278,949</b>
<b>DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,224</b>	<b>-</b>	<b>3,224</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	10,910,261	4,081,211	14,991,472	9,323,702	4,185,492	13,509,194
Restricted for Capital Improvements	-	140,000	140,000	-	140,000	140,000
Unrestricted	6,723,524	241,991	6,965,515	6,608,708	163,479	6,772,187
<b>TOTAL NET POSITION</b>	<b>\$ 17,633,785</b>	<b>\$ 4,463,202</b>	<b>\$ 22,096,987</b>	<b>\$ 15,932,410</b>	<b>\$ 4,488,971</b>	<b>\$ 20,421,381</b>

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**CHANGES IN NET POSITION - June 30, 2022 and June 30, 2021 Governmental Activities**

	June 30, 2022			June 30, 2021		
	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	\$ 703,498	\$ 502,297	\$ 1,205,795	\$ 593,243	\$ 533,578	\$ 1,126,821
Operating grants and contributions	1,574,664	-	1,574,664	1,652,187	-	1,652,187
Capital grants and contributions	-	35,130	35,130	343,883	-	343,883
General Revenues:						
Property Taxes	10,896,235	-	10,896,235	10,749,071	-	10,749,071
Grants and contributions, unrestricted	32,604	-	32,604	43,623	-	43,623
Other Revenues	(20,320)	7,091	(13,229)	146,136	10,686	156,822
Total Revenues	<u>13,186,681</u>	<u>544,518</u>	<u>13,731,199</u>	<u>13,528,143</u>	<u>544,264</u>	<u>14,072,407</u>
Expenses						
General Government	\$ 1,443,752	\$ -	1,443,752	\$ 1,417,297	\$ -	1,417,297
Public Safety	371,487	-	371,487	372,796	-	372,796
Public Works	2,622,856	-	2,622,856	1,791,965	-	1,791,965
Health Department	74,192	-	74,192	80,717	-	80,717
Parks and Recreation	158,513	-	158,513	153,684	-	153,684
Miscellaneous	721,188	-	721,188	455,303	-	455,303
Board of Education	6,370,926	-	6,370,926	7,508,795	-	7,508,795
Sewer and Water Commission	-	568,391	568,391	-	618,308	618,308
Interest on Long Tern Debt	(277,608)	1,896	(275,712)	93,964	4,952	98,916
Total Expenses	<u>11,485,306</u>	<u>570,287</u>	<u>12,055,593</u>	<u>11,874,521</u>	<u>623,260</u>	<u>12,497,781</u>
Change in Net Position	1,701,375	(25,769)	1,675,606	1,653,622	(78,996)	1,574,626
Net Position, beginning	<u>15,932,410</u>	<u>4,488,971</u>	<u>20,421,381</u>	<u>14,278,788</u>	<u>4,567,967</u>	<u>18,846,755</u>
Net Position, ending	<u>\$ 17,633,785</u>	<u>\$ 4,463,202</u>	<u>\$ 22,096,987</u>	<u>\$ 15,932,410</u>	<u>\$ 4,488,971</u>	<u>\$ 20,421,381</u>

Approximately 82.6% of the revenues were derived from property taxes, followed by 11.9% from operating and capital grants, 5.3% from service charges, and .2% from grants and investment earnings. Detailed revenue information can be found on page 52.

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 55% of the Town's expenses relate to education, 22% relate to public works, 13% for general government and 10% for all other activities.

**FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

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

**Governmental Funds.**

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$3,369,167. Of this total fund balance, \$1,685,957 is assigned and committed. The remaining balance of \$1,683,210 is unassigned.

The fund balance of the Town's General Fund increased by \$297,493 during the current fiscal year, compared to an expected decrease of \$675,346.

**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 52 - 57 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 business-type activities as of June 30, 2022 amounted to \$15,329,175. This investment in capital assets included land, Infrastructure, buildings and system improvements, machinery and equipment and vehicles.

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**CAPITAL ASSETS, Net of Depreciation**  
**June 30, 2022 and June 30, 2021**

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	Governmental Activities	
	6/30/2022	6/30/2021
Land and Construction in Process	\$ 337,361	\$ 337,361
Building and Improvement	4,921,900	4,197,716
Machinery and Equipment	850,023	1,032,264
Infrastructure	9,219,891	9,225,791
 Total	 \$ 15,329,175	 \$ 14,793,132

**Long-Term Debt**

At the end of the current fiscal year, the Town had total outstanding debt of \$4,081,553 related to governmental activities and \$55,968 related to business-type activities. All of the debt is backed by the full faith and credit of the Town.

The Town's total debt had a net decrease of \$1,106,484 which includes a total of \$411,989 of notes paid off early as approved by a town meeting held on April 7, 2002 and \$638,527 of scheduled debt repayment during the current fiscal year.

The Water and Sewer Commission total debt had a net decrease of \$55,968 during the current fiscal year reflecting the principal amount repaid against the outstanding notes payable.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$75,852,546 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 11 on pages 38-39 and the detail schedule on page 64 of this report.

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

The management of the Town of Sharon considered the following in preparation of the 2022/2023 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 debt service schedule of payments including the notes paid off early

At a town meeting on November 10, 2022, the town authorized the expenditure of up to one million six hundred thousand (\$1,600,000) dollars for the expansion of broadband internet service infrastructure. At this meeting the town was authorized to pay a contract deposit in an amount up to eight hundred thousand (\$800,000) dollars from its existing Undesignated Fund, and to secure

TOWN OF SHARON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

a bank loan, if necessary, after applying any available grant funding, to pay upon project completion the second installment of eight hundred thousand (\$800,000) dollars. The amount authorized to come from the undesignated fund has been shown as Committed Fund Balance on these financial statements.

All of the above factors were considered in preparing the Town's budget for the 2022-2023 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, 2022

	Primary Government		Total
	Governmental Activities	Buisness-Type Activities	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,400,919	\$ 314,501	\$ 5,715,420
Investments	537,256	-	537,256
Inventory	795	-	795
Prepaid Expenses	-	-	-
Receivables:			
Property Taxes	578,061	-	578,061
Accounts Receivable	2,394	117,291	119,685
Accrued interest and fees on property tax	455,153	-	455,153
Due From Other Governments	11,805	-	11,805
Capital Assets, not being depreciated	337,361	106,905	444,266
Capital Assets, net of accumulated depreciation	14,991,814	4,089,797	19,081,611
<u>TOTAL ASSETS</u>	<u>\$ 22,315,558</u>	<u>\$ 4,628,494</u>	<u>\$ 26,944,052</u>
<u>LIABILITIES</u>			
Accounts and Other Payables	\$ 331,289	\$ 49,801	\$ 381,090
Security Deposit	1,000	-	1,000
Due to State	105,260	-	105,260
Unearned Grant Revenue	128,281	-	128,281
Accrued Compensated Absences, due within one year	34,390	-	34,390
Noncurrent Liabilities Bonds & Notes Payable:			
Due within one year	555,828	57,289	613,117
Due in more than one year	3,525,725	58,202	3,583,927
<u>TOTAL LIABILITIES</u>	<u>4,681,773</u>	<u>165,292</u>	<u>4,847,065</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance Tax Collections	-	-	-
<u>NET POSITION</u>			
Net Investment in Capital Assets	10,910,261	4,081,211	14,991,472
Restricetd Net Postion	-	140,000	140,000
Unrestricted	6,723,524	241,991	6,965,515
<u>TOTAL NET POSITION</u>	<u>17,633,785</u>	<u>4,463,202</u>	<u>22,096,987</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND AND NET POSITION</u>	<u>\$ 22,315,558</u>	<u>\$ 4,628,494</u>	<u>\$ 26,944,052</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ (1,443,752)	\$ 277,830	\$ 5,500	\$ -	\$ (1,160,422)	\$ -	\$ (1,160,422)
Public Safety	(371,487)	-	-	-	(371,487)	-	(371,487)
Public Works	(2,622,856)	251,181	361,466	-	(2,010,209)	-	(2,010,209)
Health Welfare	(74,192)	2,422	-	-	(71,770)	-	(71,770)
Parks and Recreation	(158,513)	12,715	-	-	(145,798)	-	(145,798)
Miscellaneous	(275,099)	158,231	-	-	(116,868)	-	(116,868)
Additional Budget Appropriations	(446,089)	-	-	-	(446,089)	-	(446,089)
Interest on Long Term Debt	277,608	-	-	-	277,608	-	277,608
Education	(6,370,926)	1,119	1,207,698	-	(5,162,109)	-	(5,162,109)
<u>Total Governmental Activities</u>	<u>(11,485,306)</u>	<u>703,498</u>	<u>1,574,664</u>	<u>-</u>	<u>(9,207,144)</u>	<u>-</u>	<u>(9,207,144)</u>
<u>Business Type Activities</u>							
Sewer and Water Commission	(570,287)	502,297	-	35,130	-	(32,860)	(32,860)
<u>Total Primary Government</u>	<u>\$ (12,055,593)</u>	<u>\$ 1,205,795</u>	<u>\$ 1,574,664</u>	<u>\$ 35,130</u>	<u>(9,207,144)</u>	<u>(32,860)</u>	<u>(9,240,004)</u>
<u>General Revenues:</u>							
Property taxes					10,896,235	-	10,896,235
Grants and contributions not restricted to specific programs					32,604	-	32,604
Unrestricted investment earnings					(20,320)	7,091	(13,229)
<u>Total General Revenues</u>					<u>10,908,519</u>	<u>7,091</u>	<u>10,915,610</u>
<u>Change in net position</u>					1,701,375	(25,769)	1,675,606
<u>Net position beginning of year</u>					<u>15,932,410</u>	<u>4,488,971</u>	<u>20,421,381</u>
<u>Net position end of year</u>					<u>\$ 17,633,785</u>	<u>\$ 4,463,202</u>	<u>\$ 22,096,987</u>

The accompanying notes are an integral part of these financial statements



TOWN OF SHARON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital and Non-Recurring Fund	Transfer Station Capital Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,857,851	\$ 903,401	\$ -	\$ -	\$ 639,667	\$ 5,400,919
Investments	-	-	-	-	537,256	537,256
Inventory and prepaid	-	-	-	-	795	795
Receivables:						
Property Taxes	578,061	-	-	-	-	578,061
Accounts Receivable	2,394	-	-	-	-	2,394
Due From Other Funds	10,760	1,767	-	113,789	-	126,316
Due From Other Governments	-	-	-	-	11,805	11,805
<b>TOTAL ASSETS</b>	<b>4,449,066</b>	<b>905,168</b>	<b>-</b>	<b>113,789</b>	<b>1,189,523</b>	<b>6,657,546</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,449,066</b>	<b>\$ 905,168</b>	<b>\$ -</b>	<b>\$ 113,789</b>	<b>\$ 1,189,523</b>	<b>\$ 6,657,546</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts and Other Payables	\$ 330,332	\$ -	\$ -	\$ -	\$ 957	\$ 331,289
Due to Other Funds	113,789	-	-	-	12,527	126,316
Security Deposit	1,000	-	-	-	-	1,000
Unearned Grant Revenue	14,492	-	-	113,789	-	128,281
Performance Bonds	105,260	-	-	-	-	105,260
<b>TOTAL LIABILITIES</b>	<b>564,873</b>	<b>-</b>	<b>-</b>	<b>113,789</b>	<b>13,484</b>	<b>692,146</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Advance Tax Collections	-	-	-	-	-	-
Unavailable Revenue - property taxes	515,026	-	-	-	-	515,026
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>515,026</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515,026</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	795	795
Restricted	-	-	-	-	494,665	494,665
Committed	1,185,402	905,168	-	-	680,579	2,771,149
Assigned	500,555	-	-	-	-	500,555
Unassigned	1,683,210	-	-	-	-	1,683,210
<b>TOTAL FUND BALANCES</b>	<b>3,369,167</b>	<b>905,168</b>	<b>-</b>	<b>-</b>	<b>1,176,039</b>	<b>5,450,374</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,449,066</b>	<b>\$ 905,168</b>	<b>\$ -</b>	<b>\$ 113,789</b>	<b>\$ 1,189,523</b>	<b>\$ 6,657,546</b>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022

<u>Total fund balances for governmental funds</u>	\$ 5,450,374
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	15,329,175
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	515,026
Interest receivable on property taxes	455,153
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	(34,390)
General Obligation Bonds & Notes Payable	<u>(4,081,553)</u>
 <u>Net position of governmental activities</u>	 <u>\$ 17,633,785</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, 2022

	General Fund	Capital Reserve Fund	Transfer Station Capital Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Property Taxes	\$ 10,978,858	\$ -	\$ -	\$ -	\$ -	\$ 10,978,858
Intergovernmental	544,431	-	-	284,117	1,207,429	2,035,977
Investment Income	11,664	1,611	25	-	(33,620)	(20,320)
Licenses Fees and Charges	586,119	-	-	-	-	586,119
Other Revenue	61,917	-	-	-	53,843	115,760
Contributions	-	-	-	-	500	500
Sales	-	-	-	-	1,119	1,119
<u>Total Revenues</u>	<u>12,182,989</u>	<u>1,611</u>	<u>25</u>	<u>284,117</u>	<u>1,229,271</u>	<u>13,698,013</u>
<u>Expenditures:</u>						
Current:						
General Government	1,398,189	-	-	-	-	1,398,189
Public Safety	362,467	-	-	-	9,020	371,487
Public Works	1,545,518	-	-	-	321,501	1,867,019
Health Department	74,192	-	-	-	-	74,192
Parks and Recreation	158,513	-	-	-	-	158,513
Miscellaneous	224,346	-	-	-	50,753	275,099
Additional Budget Appropriations	461,989	-	-	-	-	461,989
Debt Service	624,596	148,312	-	-	-	772,908
Education	6,780,986	-	-	-	230,745	7,011,731
Capital Outlay	-	305,988	-	284,117	625,740	1,215,845
<u>Total Expenditures</u>	<u>11,630,796</u>	<u>454,300</u>	<u>-</u>	<u>284,117</u>	<u>1,237,759</u>	<u>13,606,972</u>
Excess (deficiency) of Revenues Over Expenditures	552,193	(452,689)	25	-	(8,488)	91,041
<u>Other Financing Sources (Uses):</u>						
Proceeds From Borrowing	-	-	-	-	-	-
Transfers In	19,800	193,267	-	-	83,000	296,067
Transfers Out	(274,500)	-	(9,040)	-	(12,527)	(296,067)
<u>Total Other Financing sources (Uses):</u>	<u>(254,700)</u>	<u>193,267</u>	<u>(9,040)</u>	<u>-</u>	<u>70,473</u>	<u>-</u>
Net Change in Fund Balances	297,493	(259,422)	(9,015)	-	61,985	91,041
<u>Fund Balances Beginning of Year</u>	<u>3,071,674</u>	<u>1,164,590</u>	<u>9,015</u>	<u>-</u>	<u>1,114,054</u>	<u>5,359,333</u>
<u>Fund Balances End of Year</u>	<u>\$ 3,369,167</u>	<u>\$ 905,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,176,039</u>	<u>\$ 5,450,374</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances for governmental funds \$ 91,041

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	1,110,179	
Depreciation expense	(574,136)	
Net adjustment	536,043	536,043

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (82,623)

Other changes in accruals 103,673

Change in Accrued Compensated Absences reported in statement of activities but not in fund statements 2,725

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 1,050,516

Change in net position of governmental activities \$ 1,701,375

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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$10,813,870	\$10,813,870	\$10,978,858	\$ 164,988
Intergovernmental	43,361	43,361	48,797	5,436
Other Revenues	367,750	367,750	667,836	300,086
Interest Investments	7,000	7,000	11,664	4,664
<u>Total Revenues</u>	<u>11,231,981</u>	<u>11,231,981</u>	<u>11,707,155</u>	<u>475,174</u>
<u>Expenditures:</u>				
General Government	1,471,207	1,463,792	1,415,689	48,103
Public Safety	396,495	396,609	389,467	7,142
Public Works	1,665,264	1,653,858	1,645,518	8,340
Health Department	89,421	89,421	74,192	15,229
Parks and Recreation	200,964	200,964	178,513	22,451
Miscellaneous	379,133	397,840	370,733	27,107
Additional Budget Appropriations	-	475,211	461,989	13,222
Debt Service	649,739	649,739	649,596	143
Education	6,579,893	6,579,893	6,360,352	219,541
<u>Total Expenditures</u>	<u>11,432,116</u>	<u>11,907,327</u>	<u>11,546,049</u>	<u>361,278</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(200,135)</u>	<u>(675,346)</u>	<u>161,106</u>	<u>836,452</u>
<u>Other Financing Sources (Uses):</u>				
Change in Encumbrances	-	-	136,387	136,387
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>136,387</u>	<u>136,387</u>
<u>Net Change In Fund Balance</u>	<u>\$ (200,135)</u>	<u>\$ (675,346)</u>	<u>297,493</u>	<u>\$ 972,839</u>
<u>Fund Balance - Beginning Of Year</u>			<u>3,071,674</u>	
<u>Fund Balance - End Of Year</u>			<u>\$ 3,369,167</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water <u>Commission</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 314,501
Accounts Receivable, Net of Allowance	117,291
Prepaid Expenses	-
Capital Assets, Net of Accumulated Depreciation	
Land & Construction in Process	106,905
Utility Plant, Net of Depreciation	<u>4,089,797</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,628,494</u>
 <u>LIABILITIES</u>	
Accounts and Other Payables	\$ 49,801
Noncurrent Liabilities Bonds Payable:	
Due within one year	57,289
Due in more than one year	<u>58,202</u>
<u>TOTAL LIABILITIES</u>	<u>165,292</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	4,081,211
Restricted for Capital Improvements	140,000
Unrestricted	<u>241,991</u>
<u>TOTAL NET POSITION</u>	<u>4,463,202</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 4,628,494</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, 2022

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water Commission
<u>Operating Revenue</u>	
Water Sales	\$ 347,900
Sewer Services	154,397
<u>Total Operating Revenues</u>	<u>502,297</u>
 <u>Operating Expenses</u>	
Operations Services	216,724
Chemicals	9,211
Depreciation	197,379
Electric	20,177
Repairs and Maintenance	28,574
Supplies	10,176
Telephone	4,126
Fuel	6,207
Other Costs	847
Professional Services	3,500
Wages and Payroll Taxes	23,103
Insurance	9,940
Lab Fees	17,172
Sewer Bed Cleaning	15,164
Meters	6,091
<u>Total Expenditures</u>	<u>568,391</u>
 <u>Operating Income (Loss)</u>	 <u>(66,094)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	225
Grant Income ARPA Funds for Generator	35,130
Finance Charge Revenue	6,866
Interest Expense	(1,896)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>40,325</u>
 <u>Change In Net Position</u>	 (25,769)
 <u>Net Position, Beginning</u>	 <u>4,488,971</u>
 <u>Net Position, Ending</u>	 <u>\$ 4,463,202</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, 2022

	Business Type Activities <u>Enterprise Fund</u> <u>Sewer and Water</u> <u>Commission</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 477,390
Cash Received from Grants	84,000
Cash Payments to Suppliers	(294,608)
Cash Payments to Employees and Professional	(26,603)
<u>Net Cash Provided by Operating Activities</u>	<u>240,179</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(55,968)
Capital Additions	(37,130)
Interest Paid	(1,896)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>(94,994)</u>
<u>Cash Flows From Investing Activities</u>	
Receipts of Interest	225
<u>Net Cash Provided by Investing Activities</u>	<u>225</u>
<u>Net Increase (Decrease) in Cash</u>	145,410
<u>Cash, Beginning of Year</u>	<u>169,091</u>
<u>Cash, End of Year</u>	<u>\$ 314,501</u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (66,094)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	197,379
Receipt of Other Revenue	41,996
Increase in Accounts Payable	49,801
(Increase) Decrease in Accounts Receivable	17,097
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 240,179</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, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 15,406	\$ 15,406
Receivables	78,906	-	78,906
Investments	<u>1,383,494</u>	<u>-</u>	<u>1,383,494</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,462,400</u>	<u>\$ 15,406</u>	<u>\$ 1,477,806</u>
 <u>LIABILITIES</u>			
Due to beneficiaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET POSITION</u>			
Restricted for Pensions	1,462,400	-	1,462,400
Restricted for Individuals and Organizations	<u>-</u>	<u>15,406</u>	<u>15,406</u>
<u>TOTAL NET POSITION</u>	<u>1,462,400</u>	<u>15,406</u>	<u>1,477,806</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 1,462,400</u>	 <u>\$ 15,406</u>	 <u>\$ 1,477,806</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, 2022

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>Additions</u>			
Contributions			
Employer	\$    90,898	\$          -	\$    90,898
Employee	-	-	-
Events and Activities	-	4,476	4,476
	<hr/>	<hr/>	<hr/>
<u>Total Contributions</u>	<u>90,898</u>	<u>4,476</u>	<u>95,374</u>
 <u>Investment Income</u>			
Investment Net Earnings	(202,759)	-	(202,759)
	<hr/>	<hr/>	<hr/>
<u>Total Investment Income</u>	<u>(202,759)</u>	<u>-</u>	<u>(202,759)</u>
	<hr/>	<hr/>	<hr/>
<u>Total Additions</u>	<u>(111,861)</u>	<u>4,476</u>	<u>(107,385)</u>
 <u>Deductions</u>			
Benefits Paid	43,139	-	43,139
Plan Administration	23,495	-	23,495
Events and Activities	-	6,450	6,450
	<hr/>	<hr/>	<hr/>
<u>Total Deductions</u>	<u>66,634</u>	<u>6,450</u>	<u>73,084</u>
	<hr/>	<hr/>	<hr/>
<u>Change in Net Position</u>	<u>(178,495)</u>	<u>(1,974)</u>	<u>(180,469)</u>
	<hr/>	<hr/>	<hr/>
<u>Net Position Beginning</u>	<u>1,640,895</u>	<u>17,380</u>	<u>1,658,275</u>
	<hr/>	<hr/>	<hr/>
<u>Net Position Ending</u>	<u>\$    1,462,400</u>	<u>\$      15,406</u>	<u>\$    1,477,806</u>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

**Reporting Entity**

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

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

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

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

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

**Government-Wide Financial Statements**

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

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**Fund Financial Statements**

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

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

*Capital Project Funds* - account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

*Special Revenue Funds* - account for revenue derived from specific sources other than capital projects that are restricted or committed by legal and regulatory provisions to finance specific activities.

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

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

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

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

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

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**Measurement Focus Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The Town reports the following major governmental funds:

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

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

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

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

Additionally, the Town reports the following major proprietary fund:

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

**Accounting Estimates**

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

**Cash Equivalents**

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

**Investments**

Investments for the Town are reported at fair value (generally based on quoted market prices), except as described below. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

**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.

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**Interfund Receivables, Payables, and Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**Property Taxes**

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

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

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

**Capital Assets**

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

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:

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

**Compensated Absences**

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

**Long-Term Obligations**

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. The Town had no financial statement elements meeting the criteria to be reported as deferred outflows of resources.

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



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amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**Pension Plan Accounting**

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

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

**Fund Equity and Net Position**

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

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

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

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

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

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

*Restricted Fund Balance* – includes amounts that are restricted for specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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

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

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

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

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

**Budgets and Budgetary Accounting**

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

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

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

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

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

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

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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	\$ 11,707,155	\$ 11,546,049
Teachers retirement System On Behalf Payments	484,239	484,239
Teachers retirement System OPEB	11,395	11,395
Change in Encumbrances	-	(136,387)
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	(19,800)	(274,500)
Total GAAP Basis	<u>\$ 12,182,989</u>	<u>\$ 11,630,796</u>

**NOTE 3 – CASH DEPOSITS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository'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. All of the Town's deposits were in qualified public institutions as defined by state statute.

As of June 30, 2022, the carrying amount of the Town's cash deposits were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 3,857,851	\$ 3,945,141
Capital and Non-Recurring Fund	903,401	905,168
Nonmajor Governmental Funds	639,667	640,514
Sewer and Water Commission	314,501	353,767
Custodial Funds	15,406	15,406
Total Deposits	5,730,826	5,859,996
Less Certificates of deposit classified as investments	(82,337)	(81,836)
Total Cash and Cash Equivalents	<u>\$ 5,648,489</u>	<u>\$ 5,778,160</u>

**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, 2022, \$5,701,761 of the Town's bank balance of \$5,983,654 was exposed to custodial credit risk as follows:

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Uninsured and uncollateralized	\$	272,617
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Towns's name		5,585,652
	\$	5,858,269

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.

**Concentrations of Credit Risk**

The Town does not have a policy that limits the amounts invested in any one issuer. At June 30, 2022, the Town had all of its cash deposits in financial institutions located in the State of Connecticut. The Town has not experienced any losses on such accounts.

**NOTE 4 – INVESTMENTS**

Investments are stated at fair value using quoted market prices and consist of funds deposited in the State Treasurer's Short-term Investment Fund (STIF) which are classified as investments for reporting purposes, cemetery trust funds and pension assets held by the pension administrator. As of June 30, 2022, the Town had the following investments:

	<u>Fair Market Value</u>	<u>Maturity not Available</u>	<u>Less than 1 Year</u>	<u>1- 5 Years</u>	<u>5 - 10 Years</u>
<b>Nonmajor Funds</b>					
Certificates of deposit	\$ 82,337	\$ -	\$ -	\$ 82,337	\$ -
Corporate stock	407,012	407,012	-	-	-
Bond funds	47,907	47,907	-	-	-
	537,256	454,919	-	82,337	-
<b>Pension trust fund</b>					
Held by Administrator	1,383,494	1,383,494			
	\$ 1,920,750	\$ 1,838,413	\$ -	\$ 82,337	\$ -

**TOWN OF SHARON**  
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	<u>June 30, 2022</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Trust Mutual Funds	\$ 1,383,494	\$ 1,383,494	\$ -	\$ -
Publicly traded equity investments	454,919	454,919		
Certificates of deposit	82,337	82,337		
	<u>\$ 1,920,750</u>	<u>\$ 1,920,750</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk**

Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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 government fund investments are held in State Treasurer's Short-term Investment Fund (STIF) and are not subject to custodial credit risk.

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 pension fund 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.

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

Sharon Cemetery Investments                      AAA

**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).

**TOWN OF SHARON**  
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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, 2022.

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2022 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	\$ 578,061	\$ -	\$ -	\$ 578,061
Interest due on taxes	455,153	-	-	455,153
Grants Receivable	-	11,805		11,805
Accounts Receivable	<u>2,394</u>	<u>-</u>	<u>117,291</u>	<u>119,685</u>
 Total Receivables	 <u>\$ 1,035,608</u>	 <u>\$ 11,805</u>	 <u>\$ 117,291</u>	 <u>\$ 1,164,704</u>

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 10,760	\$ 113,789
Capital Non-Recurring Fund	1,767	-
Sharon Cemetery Fund	-	10,760
Town Clerk Preservation Fund		1,767
Town Special Grants Fund	<u>113,789</u>	<u>-</u>
 Total	 <u>\$ 126,316</u>	 <u>\$ 126,316</u>

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A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 19,800	\$ 274,500
Capital Non-Recurring Fund	193,267	-
School Cafeteria Fund	25,000	-
Transfer Station Capital Fund	-	9,040
Sharon Cemetery Fund	-	10,760
Town Clerk Preservation Fund	1,000	1,767
Amenia Landfill Fund	25,000	
Tree Committee	15,000	-
Dog Fund	2,000	-
Green Rehab Fund	10,000	-
Revaluation Fund	5,000	-
	<hr/>	<hr/>
Total	<u>\$ 296,067</u>	<u>\$ 296,067</u>

**NOTE 7 -DEFICIT FUND BALANCES**

As of June 30, 2022, no funds had deficit fund balances.

**NOTE 8 - 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 9 - RISK MANAGEMENT AND UNCERTAINTIES**

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.

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

**NOTE 10 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022 was as follows:

**TOWN OF SHARON**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated				
Land	\$ 274,081	\$ -	\$ -	\$ 274,081
Construction in Process	63,280	-	-	63,280
Total Capital Assets, not being depreciated	<u>337,361</u>	<u>-</u>	<u>-</u>	<u>337,361</u>
Capital Assets, being depreciated				
Building and Improvement	10,247,200	922,738	-	11,169,938
Machinery and Equipment	3,459,246	-	-	3,459,246
Infrastructure	10,815,202	187,441	-	11,002,643
Total Capital Assets being depreciated	<u>24,521,648</u>	<u>1,110,179</u>	<u>-</u>	<u>25,631,827</u>
Less Accumulated Depreciation for:				
Building and Improvement	6,049,484	198,554	-	6,248,038
Machinery and Equipment	2,426,982	182,241	-	2,609,223
Infrastructure	1,589,411	193,341	-	1,782,752
Total Accumulated Depreciation	<u>\$10,065,877</u>	<u>574,136</u>	<u>-</u>	<u>10,640,013</u>
Total Capital Assets, being depreciated net	<u>14,455,771</u>	<u>536,043</u>	<u>-</u>	<u>14,991,814</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,793,132</u>	<u>\$ 536,043</u>	<u>\$ -</u>	<u>\$ 15,329,175</u>
<b><u>Business Type Activities</u></b>				
Capital Assets, not being depreciated	\$ -	\$ 37,130	\$ -	\$ 37,130
Land	69,775	-	-	69,775
Total Capital Assets, not being depreciated	<u>69,775</u>	<u>37,130</u>	<u>-</u>	<u>106,905</u>
Capital Assets, being depreciated				
Building and Improvement	6,826,277	-	-	6,826,277
Machinery and Equipment	1,356,030	-	-	1,356,030
Total Capital Assets being depreciated	<u>8,182,307</u>	<u>-</u>	<u>-</u>	<u>8,182,307</u>
Less Accumulated Depreciation for:				
Building and Improvement	3,259,704	60,995	-	3,320,699
Machinery and Equipment	635,427	136,384	-	771,811
Total Accumulated Depreciation	<u>3,895,131</u>	<u>197,379</u>	<u>-</u>	<u>4,092,510</u>
Total Capital Assets, being depreciated net	<u>4,287,176</u>	<u>(197,379)</u>	<u>-</u>	<u>4,089,797</u>
Business Type Activities Capital Assets, Net	<u>\$ 4,356,951</u>	<u>\$ (160,249)</u>	<u>\$ -</u>	<u>\$ 4,196,702</u>



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

Governmental Activities	
General Government Services	\$ 63,403
Public Works, including depreciation of general infrastructure assets	377,623
Education	133,110
Total Depreciation Expense - Governmental Activities	<u>\$ 574,136</u>
Business-Type Activities:	
Sewer and Water Commission	<u>\$ 197,379</u>

**NOTE 11 - GENERAL LONG-TERM DEBT**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2016/17 Daimler Freightliner	43,008	-	43,008	-	-
2016 General Obligation Bonds	3,075,000	-	530,000	2,545,000	525,000
2021 USDA Bond Transfer Stat	1,567,000	-	30,447	1,536,553	30,828
2020/21 Volvo Loader	138,040	-	138,040	-	-
2019/20 Ford F550	93,028	-	93,028	-	-
2018/19 Freightliner	215,993	-	215,993	-	-
Total General Government	<u>5,132,069</u>	<u>-</u>	<u>1,050,516</u>	<u>4,081,553</u>	<u>555,828</u>
Businesses Type Activities					
2005 Drinking Water Fund	66,185		25,999	40,186	26,630
2010 Sewer Loan	105,274		29,969	75,305	30,659
Total Business type Activates	<u>171,459</u>	<u>-</u>	<u>55,968</u>	<u>115,491</u>	<u>57,289</u>
Total Bonds and Debt	5,303,528	-	1,106,484	4,197,044	613,117
Compensated Absences	31,665	2,725	-	34,390	34,390
Total Long-term Debt	<u>\$ 5,335,193</u>	<u>\$ 2,725</u>	<u>\$ 1,106,484</u>	<u>\$ 4,231,434</u>	<u>\$ 647,507</u>

**TOWN OF SHARON**  
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Bonds and Debt Payable at June 30, 2022 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	\$2,545,000
USDA Bonds payable dated 01/2021 payable \$50,035 per year, including interest at 1.25%, final payment due 1/2061 - Transfer Station	1,536,553
Note Payable dated 10/2010 to Salisbury Bank and Trust Company, payable \$2,672 per month, including interest at 2.25% final payment due 1/2025 - Enterprise Fund	75,305
Note payable dated 06/2004 to State of Connecticut Drinking Water Fund, payable \$2,275 per month, including interest at 2.40%, after first payment of \$27,166 in December 2004, final payment due 12/2023 - Enterprise Fund	<u>40,186</u>
<b>Total Bonds and Notes Payable</b>	<u><u>\$4,197,044</u></u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 613,117	\$ 57,568	\$ 670,685
2024	591,134	47,633	638,767
2025	554,885	38,382	593,267
2026	531,999	29,881	561,880
2027	527,804	21,571	549,375
Thereafter	<u>1,378,105</u>	<u>321,951</u>	<u>1,700,056</u>
	<u><u>\$ 4,197,044</u></u>	<u><u>\$ 516,986</u></u>	<u><u>\$ 4,714,030</u></u>

**Statutory Debt Limitation**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2022.

**NOTE 12 – FUND BALANCES**

As of June 30, 2022, governmental fund balances are composed of the following:

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
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	General Fund	Capital and Non- Recurring Fund	Non Major Government al Funds	Total Government al Funds
<b>Nonspendable</b>				
Inventory	\$ -	\$ -	\$ 795	\$ 795
	-	-	795	795
<b>Restricted</b>				
Town Aid Road Fund	-	-	351,334	351,334
School Cafeteria Fund	-	-	27,257	27,257
Local and State Fund	-	-	18,397	18,397
Brown Fund	-	-	50,987	50,987
Sharon Fund	-	-	46,690	46,690
	-	-	494,665	494,665
<b>Committed</b>				
STEAP Town Hall Parking Lot	125,000	-	-	125,000
Sharon Housing Authority	100,000	-	-	100,000
Purchase of Two Vehicles	160,402	-	-	160,402
Broadband Internet Expansion	800,000	-	-	800,000
Capital Non-Recurring Fund	-	863,168	-	863,168
Town Parking Lot Expansion	-	42,000	-	42,000
Sharon Cemetery Fund	-	-	463,670	463,670
67 Main Street Fund	-	-	84,846	84,846
Town Clerk Preservation Fund	-	-	10,126	10,126
Tree Committee	-	-	682	682
Dog Fund	-	-	8,383	8,383
Amenia Landfill Fund	-	-	47,130	47,130
Green Rehab Fund	-	-	47,825	47,825
Revaluation Fund	-	-	17,917	17,917
	1,185,402	905,168	680,579	2,771,149
<b>Assigned</b>				
Subsequent year's budget	357,990	-	-	357,990
Encumbrances	142,565	-	-	142,565
	500,555	-	-	500,555
<b>Unassigned</b>				
	1,683,210	-	-	1,683,210
<b>Total governmental funds</b>	<b>\$3,369,167</b>	<b>\$ 905,168</b>	<b>\$1,176,039</b>	<b>\$ 5,450,374</b>

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 13- 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, 2022 by the Town were \$90,898.

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

**Plan Description**

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

**Benefit Provisions**

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

*Normal Retirement*

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

Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement*

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

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
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*Minimum Benefit*

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

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

*Disability Retirement*

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

*Pre-Retirement Death Benefit*

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

Contributions

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

*Employer*

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

For the year ended June 30, 2022 the amount of "on-behalf" contributions made by the state was \$364,367 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

*Employees*

Effective July 1, 1992, each teacher was required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

TOWN OF SHARON  
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At June 30, 2022, 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 amount 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		5,783,031
 Total	 \$	 <u><u>5,783,031</u></u>

The net pension liability was measured as of June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$484,239 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$373,308 for pension expense and revenue for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, with a reporting date of June 30, 2022, using the following key actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Assumption changes since the prior year are as follows:

There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

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.

TOWN OF SHARON  
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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 TRS 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut's Treasurer's Office are summarized in the following table:

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

Discount Rate

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

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

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

Pension Plan Fiduciary Net Position

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

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
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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 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the TRS. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the TRS. 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.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).



TOWN OF SHARON  
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Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

*State of Connecticut*

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.

*Employer (School Districts)*

For the year ended June 30, 2022, the amount of “on-behalf” contributions made by the state was \$11,395 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized \$(22,266) for OPEB expense and revenue for on-behalf amounts for the benefits provided by the State.

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s proportional share of the net OPEB liability	\$	-
State’s proportionate share of the net OPEB liability associated with the Town		630,051
Total	\$	<u><u>630,051</u></u>

The net OPEB liability was measured as of June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% to 6.50%
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.16%
Prior Measurement date	2.21%
Single equivalent interest rate	
Measurement date	2.17%, net of OPEB plan investment expense, including price inflation

TOWN OF SHARON  
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Prior Measurement date	2.21 %, net of OPEB plan investment expense, including price inflation
Healthcare cost trends rates	
Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.00%	0.42%	1.78%
Price Inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Assumption changes since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
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In addition to the actuarial methods and assumptions of the June 30, 2020, 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 3.00%.
- 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.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

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

OPEB Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

Other Information

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

**NOTE 15 – RESTRICTED NET POSITION**

As of June 30, 2022, the Board of Commissioners of the Water and Sewer Commission has restricted \$140,000 of Net Position for capital improvements.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

There are legal actions pending in which the Town is involved. The Town Officials are of the opinion that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Town. The Town has received State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

TOWN OF SHARON  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 17 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

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

- GASB Statement No. 91 – Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.
- GASB Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement addresses a variety of topics with certain of the requirements of this statements effective July 1, 2022, and other requirements effective for the Town’s reporting periods beginning July 1, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2023.
- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2024.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Towns proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	8,608,573	7,301,729	7,054,214	5,439,209	5,962,940	6,290,948	4,635,777	4,284,847
Total	\$ 8,608,573	\$ 7,301,729	\$ 7,054,214	\$ 5,439,209	\$ 5,962,940	\$ 6,290,948	\$ 4,635,777	\$ 4,284,847
Town's covered-employee payroll	\$ 1,694,622	\$ 1,719,611	\$ 1,813,744	\$ 1,739,583	\$ 1,788,628	\$ 1,797,405	\$ 1,723,151	\$ 1,693,960
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

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

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

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

	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the town	630,051	1,089,053	1,100,214	1,087,329	1,534,781
Total	\$ 630,051	\$ 1,089,053	\$ 1,100,214	\$ 1,087,329	\$ 1,534,781
Town's covered-employee payroll	\$ 1,694,622	\$ 1,719,611	\$ 1,813,744	\$ 1,739,583	\$ 1,788,628
Town's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%

**Notes to Schedule**

<p>Changes in benefit terms</p> <p>Changes of assumptions</p>	<p>Effective January 1, 2019, the board elected a new prescription drug plan which is expected to reduce overall costs.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience</p> <p>Long-term health care cost trend rates were updated</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option</p> <p>The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:</p> <p style="padding-left: 20px;">Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.</p> <p style="padding-left: 20px;">Decrease payroll growth assumption from 3.25% to 3.00%.</p> <p style="padding-left: 20px;">Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.</p>
<p>Actuarial cost method</p> <p>Amortization method</p> <p>Remaining amortization period</p> <p>Asset valuation method</p> <p>Investment rate of return</p> <p>Inflation</p>	<p>Entry Age</p> <p>Level percent of payroll</p> <p>30 years open</p> <p>Market value of assets</p> <p>3.00%, net of pension plan investment expense</p> <p>2.50%</p>

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, 2022

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Property Taxes</u>					
Property taxes, interest and lien fees	\$ 10,613,870	\$ -	\$ 10,613,870	\$ 10,821,322	\$ 207,452
Back Taxes	200,000	-	200,000	157,536	(42,464)
<u>Total Property Taxes</u>	<u>10,813,870</u>	<u>-</u>	<u>10,813,870</u>	<u>10,978,858</u>	<u>164,988</u>
<u>Intergovernmental</u>					
Education (ECS)	9,960	-	9,960	16,193	6,233
Pilot - State/Fed Property	14,000	-	14,000	11,501	(2,499)
Tax Relief- Elderly & Veterans	2,000	-	2,000	2,060	60
TeleCom Property Tax	14,900	-	14,900	12,620	(2,280)
Pequot/Mohegan Grant	2,001	-	2,001	2,001	-
Miscellaneous Grants	500	-	500	4,422	3,922
<u>Total Intergovernmental</u>	<u>43,361</u>	<u>-</u>	<u>43,361</u>	<u>48,797</u>	<u>5,436</u>
<u>Other Revenues</u>					
Town Clerk fees	150,000	-	150,000	277,830	127,830
Town Beach	9,000	-	9,000	12,715	3,715
Vital Statistics	30,000	-	30,000	41,771	11,771
Building Permits	110,000	-	110,000	240,031	130,031
Zoning permits/ZBA	2,500	-	2,500	2,622	122
Cemetery Fund	11,000	-	11,000	10,785	(215)
Miscellaneous	48,750	-	48,750	69,932	21,182
Sharon Ridge Pilot	1,000	-	1,000	1,000	-
Sanitary Inspector	5,500	-	5,500	11,150	5,650
<u>Total Other Revenues</u>	<u>367,750</u>	<u>-</u>	<u>367,750</u>	<u>667,836</u>	<u>300,086</u>
<u>Interest - Investments</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>11,664</u>	<u>4,664</u>
<u>Total Revenues</u>	<u>\$ 11,231,981</u>	<u>\$ -</u>	<u>\$ 11,231,981</u>	<u>\$ 11,707,155</u>	<u>\$ 475,174</u>

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Transfers	Final		
<u>General Government</u>					
Office of Selectman	\$ 88,954	\$ -	\$ 88,954	\$ 87,866	\$ 1,088
Administrative Assistant	52,694	-	52,694	51,694	1,000
Probate Court	5,410	-	5,410	5,409	1
Elections	24,525	-	24,525	16,323	8,202
Board of Finance/Annual Report	1,000	50	1,050	1,050	-
Auditor	25,500	-	25,500	25,500	-
Town treasurer	19,101	-	19,101	19,051	50
Town Council	8,000	-	8,000	2,738	5,262
Labor Counsel	1,000	-	1,000	-	1,000
Assessors	97,290	-	97,290	95,073	2,217
Board of Assessment Appeals	2,000	-	2,000	942	1,058
Tax Collector	47,458	-	47,458	46,295	1,163
Town Clerk	93,486	-	93,486	91,815	1,671
Planning and Zoning Commission	54,069	-	54,069	48,290	5,779
Town Hall	141,841	-	141,841	138,700	3,141
Town Insurance	120,000	(20,629)	99,371	99,371	-
Employee Benefits	509,000	3,486	512,486	512,486	-
Building Official/Fire Marshall	131,755	-	131,755	124,516	7,239
Miscellaneous Administration	32,124	9,678	41,802	39,408	2,394
Community Hall	16,000	-	16,000	9,162	6,838
<u>Total General Government</u>	<u>1,471,207</u>	<u>(7,415)</u>	<u>1,463,792</u>	<u>1,415,689</u>	<u>48,103</u>
<u>Public Safety</u>					
Fire	285,025	-	285,025	284,584	441
Constables	450	-	450	450	-
Street Lighting	7,000	-	7,000	6,568	432
Water Hydrants	52,000	-	52,000	51,324	676
Civil Preparedness	4,010	-	4,010	-	4,010
Dog Warden	5,010	114	5,124	5,124	-
Sharon Green	43,000	-	43,000	41,417	1,583
<u>Total Public Safety</u>	<u>396,495</u>	<u>114</u>	<u>396,609</u>	<u>389,467</u>	<u>7,142</u>
<u>Public Works</u>					
Highways and Roadways	1,279,000	-	1,279,000	1,279,000	-
Municipal Waste	286,264	(11,406)	274,858	266,518	8,340
Equipment Replacement	100,000	-	100,000	100,000	-
<u>Total Public Works</u>	<u>1,665,264</u>	<u>(11,406)</u>	<u>1,653,858</u>	<u>1,645,518</u>	<u>8,340</u>



TOWN OF SHARON  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Transfers	Final		
<u>Health Department</u>					
Conservation of Health	37,929	-	37,929	33,013	4,916
Sanitary Inspector	2,653	-	2,653	2,700	(47)
Public Health Nurse	2,500	-	2,500	2,500	-
Welfare and Social Services	46,339	-	46,339	35,979	10,360
<u>Total Health Department</u>	<u>89,421</u>	<u>-</u>	<u>89,421</u>	<u>74,192</u>	<u>15,229</u>
<u>Parks and Recreation</u>					
Recreation	31,588	-	31,588	24,432	7,156
Youth Services	89,726	-	89,726	83,469	6,257
Town Beach	79,650	-	79,650	70,612	9,038
<u>Total Parks and Recreation</u>	<u>200,964</u>	<u>-</u>	<u>200,964</u>	<u>178,513</u>	<u>22,451</u>
<u>Miscellaneous</u>					
Hotchkiss Library	100,000	-	100,000	100,000	-
Contingency	10	-	10	-	10
Contributions	117,600	-	117,600	100,880	16,720
Other	80,523	18,707	99,230	89,093	10,137
Cemeteries	11,000	-	11,000	10,760	240
Reserve for Capital Non-Recurring	70,000	-	70,000	70,000	-
<u>Total Miscellaneous</u>	<u>379,133</u>	<u>18,707</u>	<u>397,840</u>	<u>370,733</u>	<u>27,107</u>
<u>Debt Service</u>					
General Obligations Bonds	574,679	-	574,679	574,561	118
Old Amenia Landfill	25,000	-	25,000	25,000	-
Homeowners/Renters Rebate Program	10	-	10	-	10
Transfer Station Debt Service	50,050	-	50,050	50,035	15
<u>Total Debt Service</u>	<u>649,739</u>	<u>-</u>	<u>649,739</u>	<u>649,596</u>	<u>143</u>
<u>Additional Budget Appropriations</u>					
Library	-	50,000	50,000	50,000	-
Debt Service Payoff Equipment Loans	-	425,211	425,211	411,989	13,222
<u>Total Additional Budget Appropriations</u>	<u>-</u>	<u>475,211</u>	<u>475,211</u>	<u>461,989</u>	<u>13,222</u>
<u>Education</u>					
Elementary Education	4,513,781	-	4,513,781	4,355,796	157,985
Regional Education	2,066,112	-	2,066,112	2,004,556	61,556
<u>Total Education</u>	<u>6,579,893</u>	<u>-</u>	<u>6,579,893</u>	<u>6,360,352</u>	<u>219,541</u>
<u>Total Expenditures</u>	<u>11,432,116</u>	<u>475,211</u>	<u>11,907,327</u>	<u>11,546,049</u>	<u>348,056</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over (Under) Expenditures</u>	<u>\$ (200,135)</u>	<u>\$ (475,211)</u>	<u>\$ (675,346)</u>	<u>\$ 161,106</u>	<u>\$ 836,452</u>

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
BUGETARY BASIS - BOARD OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Salaries:</u>					
Certified personnel:					
Teachers	\$ 1,573,136	\$ -	\$ 1,573,136	\$ 1,497,738	\$ (75,398)
Remedial Instruction	65,362	-	65,362	6,851	(58,511)
Extra Pay for Extra Duty	35,321	-	35,321	23,360	(11,961)
Special Programs	6,961	-	6,961	14,211	7,250
Principal	146,798	-	146,798	146,798	-
Substitutes	38,500	-	38,500	5,662	(32,838)
Total Certified Personnel	1,866,078	-	1,866,078	1,694,620	(171,458)
Non Certified Personnel:					
Teacher Assistants	97,990	-	97,990	93,370	(4,620)
Computer Technologist	58,347	-	58,347	62,381	4,034
School Nurse, RN	55,368	-	55,368	58,052	2,684
Board Clerk	49,986	-	49,986	51,420	1,434
Secretaries	109,137	-	109,137	108,517	(620)
Substitute Stipend	4,917	-	4,917	4,917	-
Head Custodian/Assistant Custodian	160,650	-	160,650	164,864	4,214
Custodial Overtime	6,986	-	6,986	13,025	6,039
Teacher Assistants Substitutes	2,000	-	2,000	385	(1,615)
School Nurse Substitutes	2,000	-	2,000	1,593	(407)
Office Substitutes	1,000	-	1,000	-	(1,000)
Custodial Substitutes	4,000	-	4,000	1,593	(2,407)
Total Non Certified Personnel	552,381	-	552,381	560,117	7,736
<u>Total Salaries</u>	2,418,459	-	2,418,459	2,254,737	(163,722)
<u>Employee Benefits:</u>					
Health Insurance	701,594	-	701,594	568,424	(133,170)
Social Security/Medicare	73,817	-	73,817	73,892	75
Pension Plan Classified	37,895	-	37,895	32,423	(5,472)
Annuity - Principal	4,404	-	4,404	4,404	-
Reimbursement Graduate Credits	2,500	-	2,500	4,284	1,784
Unemployment Compensation	1,000	-	1,000	47	(953)
Workers' Compensation	13,170	-	13,170	15,757	2,587
Life Insurance	4,720	-	4,720	4,415	(305)
<u>Total Employee Benefits</u>	839,100	-	839,100	703,646	(135,454)
<u>Purchased Services:</u>					
Professional / Educational					
Board of Education In-service	750	-	750	1,605	855
Assemblies & Student Activities	15,428	-	15,428	6,819	(8,609)
Licenses	7,751	-	7,751	2,900	(4,851)
In Service/Curriculum Dev, Staff Training	19,777	-	19,777	15,971	(3,806)
Public Relations	1,000	-	1,000	2,228	1,228
Middle School Sports & Act Program	18,933	-	18,933	11,208	(7,725)
School Physicians	1,200	-	1,200	1,250	50
Legal, Negotiation Fees, Contracts	5,000	-	5,000	-	(5,000)
Audit ED 001 Report, Cafeteria, All Audits	5,000	-	5,000	4,750	(250)
Technology Support Services	18,600	-	18,600	18,480	(120)
Total professional services	93,439	-	93,439	65,211	(28,228)

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
BUGETARY BASIS - BOARD OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
Purchased property services:					
Water and Sewer	8,480	-	8,480	6,630	(1,850)
Cleaning Services	2,500	-	2,500	1,444	(1,056)
Refuse Removal - Recycling	5,369	-	5,369	5,915	546
Upkeep of Grounds/Buildings	33,918	-	33,918	43,307	9,389
Service Office, AV, Music Equipment	7,867	-	7,867	10,028	2,161
Building repairs	273,614	-	273,614	433,376	159,762
Emergency	10,000	-	10,000	41,281	31,281
Scheduled Painting	15,000	-	15,000	25,813	10,813
Asbestos Removal/Mgmt. Plan/Testing	560	-	560	850	290
Total property services	<u>357,308</u>	<u>-</u>	<u>357,308</u>	<u>568,644</u>	<u>211,336</u>
Other Purchased Services					
All-Star Bus Contract	249,977	-	249,977	184,787	(65,190)
School Class Trips	17,925	-	17,925	2,238	(15,687)
Multi-peril Insurance	32,379	-	32,379	32,424	45
Student Athletic Insurance	400	-	400	387	(13)
Postage	2,500	-	2,500	77	(2,423)
Telephone	11,903	-	11,903	13,754	1,851
Advertising	10,465	-	10,465	9,880	(585)
Printing -Graduation Prog, diploma, etc.	1,200	-	1,200	313	(887)
Summer School Remedial	3,500	-	3,500	301	(3,199)
Staff Travel, Prof Memb, Conf-All Staff	8,250	-	8,250	1,454	(6,796)
Technology	39,475	-	39,475	61,760	22,285
Total other purchased services	<u>377,974</u>	<u>-</u>	<u>377,974</u>	<u>307,375</u>	<u>(70,599)</u>
<u>Total - Purchased Services</u>	<u>828,721</u>	<u>-</u>	<u>828,721</u>	<u>941,230</u>	<u>112,509</u>
<u>Supplies</u>					
Classroom Supplies	29,400	-	29,400	17,733	(11,667)
Art Supplies	3,150	-	3,150	3,073	(77)
Music Supplies	3,150	-	3,150	2,639	(511)
Physical Education Supplies	3,150	-	3,150	3,585	435
Test Materials	1,000	-	1,000	2,207	1,207
Consumable Workbooks	5,000	-	5,000	5,074	74
Medical Supplies	2,000	-	2,000	1,523	(477)
Audio Visual Materials	2,500	-	2,500	933	(1,567)
Computer Software -Internet Subscriptions	54,480	-	54,480	45,496	(8,984)
Office Supplies	8,250	-	8,250	15,994	7,744
Graduation Supplies	2,500	-	2,500	4,500	2,000
Custodial Supplies	32,800	-	32,800	31,869	(931)
Maintenance Supplies	36,372	-	36,372	34,764	(1,608)
Electricity	72,339	-	72,339	69,746	(2,593)
Heating Fuel	35,443	-	35,443	79,516	44,073
Diesel Fuel	24,565	-	24,565	27,311	2,746
Textbooks	13,000	-	13,000	8,516	(4,484)
Library Books	8,440	-	8,440	9,965	1,525
Library: Supplies/Periodicals	4,500	-	4,500	3,761	(739)
<u>Total Supplies</u>	<u>342,039</u>	<u>-</u>	<u>342,039</u>	<u>368,205</u>	<u>26,166</u>

TOWN OF SHARON  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
BUGETARY BASIS - BOARD OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Property</u>					-
Equipment, Instructional	1,000	-	1,000	5,041	4,041
Equipment, Non-instructional	3,008	-	3,008	7,383	4,375
<u>Total Property</u>	4,008	-	4,008	12,424	8,416
<u>Dues and Fees</u>					
Education Connection	1,454	-	1,454	554	(900)
<u>Total Dues and Fees</u>	1,454	-	1,454	554	(900)
<u>Capital Expenses</u>					
Transfer Cafeteria	30,000	-	30,000	25,000	(5,000)
Capital Expense	50,000	-	50,000	50,000	-
<u>Total Capital Expenses</u>	80,000	-	80,000	75,000	(5,000)
 <u>TOTAL SHARON BOARD OF EDUCATION</u>	 4,513,781	 -	 4,513,781	 4,355,796	 (157,985)
 <u>Region One</u>					
High School	1,416,086	-	1,416,086	1,364,323	(51,763)
Pupil Services	529,526	-	529,526	508,957	(20,569)
Administrative Services	120,500	-	120,500	131,276	10,776
<u>Total Region One</u>	2,066,112	-	2,066,112	2,004,556	(61,556)
 <u>TOTAL EDUCATION EXPENDITURES</u>	 \$ 6,579,893	 \$ -	 \$ 6,579,893	 \$ 6,360,352	 \$ (219,541)

TOWN OF SHARON  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Town Aid Road Fund	School Cafeteria Fund	Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 352,246	\$ 15,452	\$ -	\$ 18,397	\$ 1,316	\$ 14,024	\$ 19,511
Investments	-	-	-	-	49,671	32,666	454,919
Inventory	-	795	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due From Other Governments	-	11,805	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>352,246</u>	<u>28,052</u>	<u>-</u>	<u>18,397</u>	<u>50,987</u>	<u>46,690</u>	<u>474,430</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
	-	-	-	-	-	-	-
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>							
	<u>\$ 352,246</u>	<u>\$ 28,052</u>	<u>\$ -</u>	<u>\$ 18,397</u>	<u>\$ 50,987</u>	<u>\$ 46,690</u>	<u>\$ 474,430</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	10,760
<u>Total Liabilities</u>	<u>912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,760</u>
<u>Fund Balances:</u>							
Nonspendable	-	795	-	-	-	-	-
Restricted	351,334	27,257	-	18,397	50,987	46,690	-
Committed	-	-	-	-	-	-	463,670
Unassigned	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>351,334</u>	<u>28,052</u>	<u>-</u>	<u>18,397</u>	<u>50,987</u>	<u>46,690</u>	<u>463,670</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
	<u>\$ 352,246</u>	<u>\$ 28,052</u>	<u>\$ -</u>	<u>\$ 18,397</u>	<u>\$ 50,987</u>	<u>\$ 46,690</u>	<u>\$ 474,430</u>

TOWN OF SHARON  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	67 Main Street Fund	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
<u>ASSETS</u>								
Cash and cash equivalents	\$ 84,846	\$ 11,893	\$ 682	\$ 8,428	\$ 47,130	\$ 47,825	\$ 17,917	\$ 639,667
Investments	-	-	-	-	-	-	-	537,256
Inventory	-	-	-	-	-	-	-	795
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	11,805
<u>TOTAL ASSETS</u>	<u>84,846</u>	<u>11,893</u>	<u>682</u>	<u>8,428</u>	<u>47,130</u>	<u>47,825</u>	<u>17,917</u>	<u>1,189,523</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>								
	-	-	-	-	-	-	-	-
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>								
	<u>\$ 84,846</u>	<u>\$ 11,893</u>	<u>\$ 682</u>	<u>\$ 8,428</u>	<u>\$ 47,130</u>	<u>\$ 47,825</u>	<u>\$ 17,917</u>	<u>\$1,189,523</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities:</u>								
Accounts Payable	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ -	\$ -	957
Due to Other Funds	-	1,767	-	-	-	-	-	12,527
<u>Total Liabilities</u>	<u>-</u>	<u>1,767</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,484</u>
<u>Fund Balances:</u>								
Nonspendable	-	-	-	-	-	-	-	795
Restricted	-	-	-	-	-	-	-	494,665
Committed	84,846	10,126	682	8,383	47,130	47,825	17,917	680,579
Unassigned	-	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>84,846</u>	<u>10,126</u>	<u>682</u>	<u>8,383</u>	<u>47,130</u>	<u>47,825</u>	<u>17,917</u>	<u>1,176,039</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
	<u>\$ 84,846</u>	<u>\$ 11,893</u>	<u>\$ 682</u>	<u>\$ 8,428</u>	<u>\$ 47,130</u>	<u>\$ 47,825</u>	<u>\$ 17,917</u>	<u>\$1,189,523</u>

TOWN OF SHARON  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Town Aid Road Fund	School Cafeteria Fund	Education Grants Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>Revenues:</u>							
Intergovernmental	\$ 361,466	\$ 70,389	\$ 770,074	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	500	-	-	-
Investment Income	116	-	-	-	373	141	(34,594)
Other Income	-	-	-	18,211	-	4,868	-
Sales	-	1,119	-	-	-	-	-
<u>Total Revenues</u>	<u>361,582</u>	<u>71,508</u>	<u>770,074</u>	<u>18,711</u>	<u>373</u>	<u>5,009</u>	<u>(34,594)</u>
<u>Expenditures:</u>							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	297,570	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	22,338	2,000	2,750	-
Debt Service	-	-	-	-	-	-	-
Education	-	82,695	148,050	-	-	-	-
Capital Outlay	-	-	622,024	-	-	-	-
<u>Total Expenditures</u>	<u>297,570</u>	<u>82,695</u>	<u>770,074</u>	<u>22,338</u>	<u>2,000</u>	<u>2,750</u>	<u>-</u>
<u>Excess of Revenues Over (Under)</u> <u>Expenditures</u>	<u>64,012</u>	<u>(11,187)</u>	<u>-</u>	<u>(3,627)</u>	<u>(1,627)</u>	<u>2,259</u>	<u>(34,594)</u>
<u>Other Financing Sources (Uses):</u>							
Operating Transfers In	-	25,000	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	(10,760)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,760)</u>
<u>Excess of Revenues and Other</u> <u>Sources Over (Under) Expenditures</u> <u>and Other Uses</u>	<u>64,012</u>	<u>13,813</u>	<u>-</u>	<u>(3,627)</u>	<u>(1,627)</u>	<u>2,259</u>	<u>(45,354)</u>
<u>Fund Balances Beginning of Year</u>	<u>287,322</u>	<u>14,239</u>	<u>-</u>	<u>22,024</u>	<u>52,614</u>	<u>44,431</u>	<u>509,024</u>
<u>Fund Balances End of Year</u>	<u>\$ 351,334</u>	<u>\$ 28,052</u>	<u>\$ -</u>	<u>\$ 18,397</u>	<u>\$ 50,987</u>	<u>\$ 46,690</u>	<u>\$ 463,670</u>

TOWN OF SHARON  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	67 Main Street Fund	Town Clerk Preservation Fund	Tree Committee	Dog Fund	Amenia Landfill Fund	Green Rehab Fund	Revaluation Fund	Total
<u>Revenues:</u>								
Intergovernmental	\$ -	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,207,429
Contributions	-	-	-	-	-	-	-	500
Investment Income	84	13	6	122	58	46	15	(33,620)
Other Income	24,500	3,842	-	2,422	-	-	-	53,843
Sales	-	-	-	-	-	-	-	1,119
<u>Total Revenues</u>	<u>24,584</u>	<u>9,355</u>	<u>6</u>	<u>2,544</u>	<u>58</u>	<u>46</u>	<u>15</u>	<u>1,229,271</u>
<u>Expenditures:</u>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	9,020	-	-	-	9,020
Public Works	-	-	-	-	23,931	-	-	321,501
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	360	8,388	14,917	-	-	-	-	50,753
Debt Service	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	230,745
Capital Outlay	-	-	-	-	-	3,716	-	625,740
<u>Total Expenditures</u>	<u>360</u>	<u>8,388</u>	<u>14,917</u>	<u>9,020</u>	<u>23,931</u>	<u>3,716</u>	<u>-</u>	<u>1,237,759</u>
<u>Excess of Revenues Over (Under)</u>								
<u>Expenditures</u>	<u>24,224</u>	<u>967</u>	<u>(14,911)</u>	<u>(6,476)</u>	<u>(23,873)</u>	<u>(3,670)</u>	<u>15</u>	<u>(8,488)</u>
<u>Other Financing Sources (Uses):</u>								
Operating Transfers In	-	1,000	15,000	2,000	25,000	10,000	5,000	83,000
Operating Transfers Out	-	(1,767)	-	-	-	-	-	(12,527)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>(767)</u>	<u>15,000</u>	<u>2,000</u>	<u>25,000</u>	<u>10,000</u>	<u>5,000</u>	<u>70,473</u>
<u>Excess of Revenues and Other</u>								
<u>Sources Over (Under) Expenditures</u>								
<u>and Other Uses</u>	<u>24,224</u>	<u>200</u>	<u>89</u>	<u>(4,476)</u>	<u>1,127</u>	<u>6,330</u>	<u>5,015</u>	<u>61,985</u>
<u>Fund Balances Beginning of Year</u>	<u>60,622</u>	<u>9,926</u>	<u>593</u>	<u>12,859</u>	<u>46,003</u>	<u>41,495</u>	<u>12,902</u>	<u>1,114,054</u>
<u>Fund Balances End of Year</u>	<u>\$ 84,846</u>	<u>\$ 10,126</u>	<u>\$ 682</u>	<u>\$ 8,383</u>	<u>\$ 47,130</u>	<u>\$ 47,825</u>	<u>\$ 17,917</u>	<u>\$ 1,176,039</u>



TOWN OF SHARON  
SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2022

Total tax collection including interest and lien fees  
for prior fiscal year \$10,833,885

Reimbursement for revenue loss on  
Tax relief for elderly for prior fiscal year 2,193

Base \$10,836,078

	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$24,381,176	\$ -	\$ -	\$ -
4-1/2 times base	-	48,762,351	-	-
3-3/4 times base	-	-	40,635,293	-
3-1/4 times base	-	-	-	35,217,254
Total debt limitation	<u>24,381,176</u>	<u>48,762,351</u>	<u>40,635,293</u>	<u>35,217,254</u>

Indebtedness:				
Bonds payable	4,081,553	-	-	-
Notes Payable	-	-	-	-
Regional School District #1 town share	-	-	-	-
balance as of prior fiscal year	-	419,884	-	-
Sewer Bonds & Notes	-	-	115,491	-
Total indebtedness	<u>4,081,553</u>	<u>419,884</u>	<u>115,491</u>	<u>-</u>

Debt limitation in excess of  
outstanding and authorized debt \$20,299,623 \$48,342,467 \$40,519,802 \$35,217,254

Total capacity of borrowing (7 times base) \$75,852,546

Total present indebtedness 4,616,928

Margin for additional borrowing \$71,235,618

TOWN OF SHARON  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Grand List Year	Balances 6/30/2021	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Transfers To Suspense	Balances 6/30/2022
			Additions	Deductions		Taxes	Interest	Liens	Total		
2020	\$ -	\$10,887,661	\$ 5,858	\$ 6,922	\$10,886,597	\$ 10,713,842	\$ 42,598	\$ -	10,756,440	\$ 28	\$ 172,727
2019	180,207	-	350	226	180,331	106,530	18,253	1,368	126,151	-	73,801
2018	64,729	-	150	120	64,759	14,549	5,563	192	20,304	-	50,210
2017	52,175	-	-	-	52,175	8,092	4,086	120	12,298	-	44,083
2016	40,021	-	-	-	40,021	7,742	6,023	72	13,837	-	32,279
2015	40,167	-	-	-	40,167	7,240	6,672	48	13,960	-	32,927
2014	25,027	-	-	-	25,027	2,435	2,249	24	4,708	-	22,592
2013	23,936	-	-	-	23,936	1,687	2,276	24	3,987	-	22,249
2012	24,577	-	-	-	24,577	1,609	2,430	24	4,063	-	22,968
2011	30,897	-	-	-	30,897	1,551	4,206	24	5,781	-	29,346
2010	26,174	-	-	-	26,174	1,482	5,835	24	7,341	-	24,692
2009	20,712	-	-	-	20,712	1,424	367	-	1,791	-	19,288
2008	15,032	-	-	-	15,032	1,695	905	-	2,600	-	13,337
2007	9,936	-	-	-	9,936	-	456	48	504	-	9,936
2006	9,126	-	-	-	9,126	1,500	3,948	48	5,496	-	7,626
2005	8,641	-	-	-	8,641	-	-	-	-	8,641	-
Totals	\$ 571,357	\$10,887,661	\$ 6,358	\$ 7,268	\$11,458,108	\$ 10,871,378	\$ 105,867	\$ 2,016	\$10,979,261	\$ 8,669	\$ 578,061

TOWN OF SHARON  
SCHEDULE OF DEBT  
Year Ended June 30, 2022

	General Fund		Capital Reserve Fund				Enterprise Fund		Totals
	2016 General Obligation Bonds	2021 USDA General Obligation Bond	2019/20 Ford F550	2020/2021 Volvo Loader	2018/19 2 Freightliner Loan	2016/17 Daimler Freightliner	2005 Drinking Water Fund	2010 Sewer Loan	
Long Term Debt Payable July 1, 2021	\$ 3,075,000	\$ 1,567,000	\$ 93,028	\$ 138,040	\$ 215,993	\$ 43,008	\$ 66,185	\$ 105,274	\$ 5,303,528
Issuances of New Debt	-	-	-	-	-	-	-	-	-
Payments During Year	(530,000)	(30,447)	(93,028)	(138,040)	(215,993)	(43,008)	(25,999)	(29,969)	(1,106,484)
Long Term Debt Payable July 1, 2022	<u>\$ 2,545,000</u>	<u>\$ 1,536,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,186</u>	<u>\$ 75,305</u>	<u>\$ 4,197,044</u>
Maturities by Fiscal Years Ending June 30:									
2023	525,000	30,828	-	-	-	-	26,630	30,659	613,117
2024	515,000	31,213	-	-	-	-	13,556	31,365	591,134
2025	510,000	31,604	-	-	-	-	-	13,281	554,885
2026	500,000	31,999	-	-	-	-	-	-	531,999
2027	495,000	32,804	-	-	-	-	-	-	527,804
Thereafter	-	1,378,105	-	-	-	-	-	-	1,378,105
	<u>\$ 2,545,000</u>	<u>\$ 1,536,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,186</u>	<u>\$ 75,305</u>	<u>\$ 4,197,044</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, 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, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Sharon, Connecticut's basic financial statements, and have issued our report thereon dated December 13, 2022.

**Internal Control Over Financial Reporting**

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



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Sharon, Connecticut'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 13, 2022



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, Connecticut

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

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

We have audited the Town of Sharon, Connecticut's compliance with the types of compliance requirements identified as subject to audit 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, Connecticut's major state programs for the year ended June 30, 2022. The Town of Sharon, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Sharon, Connecticut, complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Sharon, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Sharon, Connecticut's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Sharon, Connecticut's state programs.



### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Sharon, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Sharon, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Sharon, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Sharon, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of Sharon, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

### **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sharon, Connecticut and the related notes to the financial statements, which collectively comprise the Town of Sharon, Connecticut's basic financial statements as of and for the year ended June 30, 2022, and have issued our report thereon dated December 13, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Sinnamon & Associates, LLC  
Certified Public Accountants

December 13, 2022  
Canaan, Connecticut



TOWN OF SHARON, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program CORE-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Office of Policy and Management:</u>			
Property tax relief on property of totally disabled persons	11000-OPM20600-17011	\$ -	\$ 58
Property tax relief for Veterans	11000-OPM20600-17024	-	2,001
Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-17004	-	10,229
Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-35691	-	3,635
		<u>-</u>	<u>15,923</u>
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	-	415
<u>Department of Transportation:</u>			
Town aid road grants transportation fund	12052-DOT57131-43455	-	180,733
Town aid road grants transportation fund - STO	13033-DOT57131-43459	-	180,733
		<u>-</u>	<u>361,466</u>
<u>Connecticut State Library</u>			
Historic documents preservation grant	12060-CSL66094-35150	-	5,500
<u>Department of Housing</u>			
Bond Consolidation Receipts	12039-DOH46920-40233	-	2,629
<u>Department of Education:</u>			
Child Nutrition Program	11000-SDE64370-16211	-	684
School Breakfast	11000-SDE64370-17046	-	2,649
Healthy Foods Initiative	11000-SDE64370-16212	-	843
Talent Development	11000-SDE64370-12552	-	372
		<u>-</u>	<u>4,548</u>
<u>Total State Financial Assistance Before Exempt Programs</u>		<u>-</u>	<u>390,481</u>
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	16,193
<u>Office of Policy and Management</u>			
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	-	2,001
<u>Total Exempt Programs</u>		<u>-</u>	<u>18,194</u>
<u>Total State Financial Assistance</u>		<u>\$ -</u>	<u>\$ 408,675</u>

TOWN OF SHARON  
NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Sharon under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Sharon through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including road repair and maintenance, capital improvements, tax relief, general assistance and education.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Basis of Accounting**

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

TOWN OF SHARON, CONNECTICUT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2022

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(s) identified	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(s) identified	_____ Yes	_____ <input checked="" type="checkbox"/> 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	_____ <input checked="" type="checkbox"/> No
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The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State CORE-CT Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u>		
Town aid road grants transportation fund	12052-DOT57131-43455	\$ 180,733
Town aid road grants transportation fund - STO	13033-DOT57131-43459	\$ 180,733

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

**II - FINANCIAL STATEMENTS FINDINGS**

No Matters were reported

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

No Matters were reported