

TOWN OF SHARON

FEDERAL SINGLE AUDIT

JUNE 30, 2021



SINNAMON & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SHARON
TABLE OF CONTENTS
JUNE 30, 2021

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance And Report On The Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Federal Findings and Questioned Costs	8



Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, CT, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Sharon, CT's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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



Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
December 14, 2021



Independent Auditor's Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance And Report On The Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Sharon, Connecticut's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Sharon, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 14, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Sinnamon & Associates, LLC
Certified Public Accountants

December 14, 2021
Canaan, Connecticut

TOWN OF SHARON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Grantor Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Identifying Number</u>	<u>Amounts Paid to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Agriculture</u>				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	-	1,910,883
Passed through the Connecticut Department of Education				
National School Lunch Program	10.555	12060-SDE64370-20560	-	21,838
National School Lunch Program - Cares Act	10.555	12060-SDE64370-29572	-	10,481
School Breakfast Program	10.553	12060-SDE64370-20508	-	4,665
<u>Total United States Department of Agriculture</u>			-	1,947,867
<u>United States Department of Education</u>				
Passed through the Connecticut Department of Education				
Title I Grants to Local Educational Agencies	84.01	12060-SDE64370-20679	-	66,675
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858	-	9,206
Student Support and Academic Enrichment	84.424	12060-SDE64370-22854	-	10,000
Elementary & Secondary School Emergency Relief Fund	84.425D	12060-SDE64370-29571	-	47,086
<u>Total United States Department of Education</u>			-	132,967
<u>United States Department of Treasury</u>				
Passed through the Connecticut Office of Policy and Management				
Coronavirus Relief Fund	21.019	12060-OPM20600-29561	-	12,815
Passed through the Connecticut Department of Education				
Coronavirus Relief Fund	21.019	12060-SDE64370-29561	-	10,513
<u>Total United States Department of Treasury</u>			-	23,328
<u>United States Election Assistance Commission</u>				
Passed through the Connecticut Secretary of State:				
Help America Vote	90.401	12060-SOS12500-21465	-	4,482
<u>Total United States Election Assistance Commission</u>			-	4,482
<u>Total Expenditures of Federal Awards</u>			\$ -	\$ 2,108,644

See Notes to the Schedule of Expenditures of Federal Awards

TOWN OF SHARON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 - Basis of Accounting

Basic Financial Statements

The accounting policies of the Town of Sharon, Connecticut (the "Town"), conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Schedule of Expenditure of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) has been prepared on the accrual basis and includes the federal award activity of the Town of Sharon under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance)

Because the Schedule presents only a selected portion of the operations of the Town of Sharon, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Sharon.

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting consistent with the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period. For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditure's column of the Schedule of Expenditures of Federal Awards.

Cost Allocation Principles

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

TOWN OF SHARON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 – Other Federal Assistance

The following is a summary of loan program activity for the year ended June 30, 2021.

Department of Agriculture: Water and Waste Disposal Systems for Rural Communities

<u>Project</u>	<u>Issue Year</u>	<u>Interest rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Repaid</u>	<u>Balance June 30, 2021</u>
Municipal Transfer Station	2021	1.25%	\$ 1,567,000	\$ -	\$ 1,567,000	\$ -	\$ 1,567,000

No other federal assistance was received in the form of loans, loan guarantees or insurance.

Note 4 - Contingencies

The Town receives funds under various Federal grant programs and such awards are to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of a non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results if adjustments, if any, relating to such audits would have any material financial impact.

TOWN OF SHARON
Schedule Of Federal Findings And Questioned Costs
For the Year Ended June 30, 2021

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes		x No
Significant deficiency(ies) identified?	___ Yes		x None Reported

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___ Yes		x No
Significant deficiency(ies) identified?	___ Yes		x None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200 516(a) of the Uniform Guidance? ___ Yes x No

Identification of major programs:

CFDA Number	Name of Federal Program
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee? ___ Yes x No

II - FINANCIAL STATEMENT FINDINGS

No matters were reported

III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No audit findings were reported in the prior year