

TOWN OF SHARON
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SHARON
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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, 2023, 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, 2023, 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 19, 2023 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 19, 2023
Canaan Connecticut

TOWN OF SHARON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023. 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 \$27,793,451 exceeded its liabilities on June 30, 2023, resulting in a total net position of \$23,470,916. Unrestricted net position was \$7,662,472 and was available to meet ongoing government obligations. Of that amount \$7,436,868 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 \$6,099,131, an increase of \$648,757 for the year. The General Fund operating increase for the year was \$608,344 vs. an adjusted budgeted decrease of \$71,957. The General Fund balance was \$3,977,511, of which \$9,396 was nonspendable and \$1,181,980 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$2,786,135 or 24.33 % 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

TOWN OF SHARON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

and charges (business-type activities). The government activities of the Town include general government, public safety, public works, and recreation.

The government-wide financial statements can be found on pages 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, only in more detail. The funds are combined into single, aggregated presentation in the proprietary fund financial statements.

TOWN OF SHARON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

Fiduciary Funds.

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

The basic fiduciary fund statements can be found on pages 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 \$23,470,916 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 \$1,373,929 during the current fiscal year.

TOWN OF SHARON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

NET POSITION - June 30, 2023 and June 30, 2022

	6/30/2023 Net Position			6/30/2022 Net Position		
	Governmental	Business -Type	Total	Governmental	Business -Type	Total
	Activities	Activities		Activities	Activities	
ASSETS						
Current and Other Assets	\$ 7,315,162	\$ 373,634	\$ 7,688,796	\$ 6,531,230	\$ 431,792	\$ 6,963,022
Capital Assets	15,590,780	4,030,457	19,621,237	15,329,175	4,196,702	19,525,877
Non Current Assets	483,418	-	483,418	455,153	-	455,153
TOTAL ASSETS	23,389,360	4,404,091	27,793,451	22,315,558	4,628,494	26,944,052
LIABILITIES						
Current Liabilities	1,267,306	52,951	1,320,257	1,156,048	107,090	1,263,138
Non Current Liabilities	2,979,512	13,281	2,992,793	3,525,725	58,202	3,583,927
TOTAL LIABILITIES	4,246,818	66,232	4,313,050	4,681,773	165,292	4,847,065
DEFERRED INFLOWS	9,485	-	9,485	-	-	-
NET POSITION						
Net Investment in Capital Assets	11,696,189	3,972,255	15,668,444	10,910,261	4,081,211	14,991,472
Restricted for Capital Improvement:	-	140,000	140,000	-	140,000	140,000
Unrestricted	7,436,868	225,604	7,662,472	6,723,524	241,991	6,965,515
TOTAL NET POSITION	\$ 19,133,057	\$ 4,337,859	\$ 23,470,916	\$ 17,633,785	\$ 4,463,202	\$ 22,096,987

TOWN OF SHARON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CHANGES IN NET POSITION - June 30, 2023 and June 30, 2022 Governmental Activities

	June 30, 2023			June 30, 2022		
	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	\$ 659,203	\$ 540,618	\$ 1,199,821	\$ 703,498	\$ 502,297	\$ 1,205,795
Operating grants and contributions	1,297,634	-	1,297,634	1,574,664	-	1,574,664
Capital grants and contributions	192,708	46,870	239,578	-	35,130	35,130
General Revenues:						
Property Taxes	11,258,462	-	11,258,462	10,896,235	-	10,896,235
Grants and contributions, unrestricted	55,240	-	55,240	32,604	-	32,604
Other Revenues	152,388	11,447	163,835	(20,320)	7,091	(13,229)
Total Revenues	<u>13,615,635</u>	<u>598,935</u>	<u>14,214,570</u>	<u>13,186,681</u>	<u>544,518</u>	<u>13,731,199</u>
Expenses						
General Government	\$ 1,444,736	\$ -	1,444,736	\$ 1,443,752	\$ -	1,443,752
Public Safety	386,064	-	386,064	371,487	-	371,487
Public Works	2,549,319	-	2,549,319	2,622,856	-	2,622,856
Health Department	76,295	-	76,295	74,192	-	74,192
Parks and Recreation	165,760	-	165,760	158,513	-	158,513
Miscellaneous	561,444	-	561,444	367,643	-	367,643
Board of Education	6,877,294	-	6,877,294	6,370,926	-	6,370,926
Sewer and Water Commission	-	722,206	722,206	-	568,391	568,391
Interest on Long Tern Debt	55,451	2,072	57,523	75,937	1,896	77,833
Total Expenses	<u>12,116,363</u>	<u>724,278</u>	<u>12,840,641</u>	<u>11,485,306</u>	<u>570,287</u>	<u>12,055,593</u>
Change in Net Position	1,499,272	(125,343)	1,373,929	1,701,375	(25,769)	1,675,606
Net Position, beginning	<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>
Net Position, ending	<u>\$ 19,133,057</u>	<u>\$ 4,337,859</u>	<u>\$ 23,470,916</u>	<u>\$ 17,633,785</u>	<u>\$ 4,463,202</u>	<u>\$ 22,096,987</u>

Approximately 82.7% of the revenues were derived from property taxes, followed by 10.9% from operating and capital grants, 4.8% from service charges, and .6% 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, 2023

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 57% of the Town's expenses relate to education, 21% relate to public works, 12% 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 \$3,977,511. Of this total fund balance, \$9,396 is nonspendable and \$1,181,980 is assigned and committed. The remaining balance of \$2,786,135 is unassigned.

The fund balance of the Town's General Fund increased by \$608,344 during the current fiscal year, compared to an expected decrease of \$71,957.

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, 2023 amounted to \$15,590,780. 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, 2023

CAPITAL ASSETS, Net of Depreciation
June 30, 2023 and June 30, 2022

	Governmental Activities	
	6/30/2023	6/30/2022
Land and Construction in Process	\$ 368,866	\$ 337,361
Building and Improvement	4,900,453	4,921,900
Machinery and Equipment	934,838	850,023
Infrastructure	9,386,623	9,219,891
 Total	 \$ 15,590,780	 \$ 15,329,175

Long-Term Debt

At the end of the current fiscal year, the Town had total outstanding debt of \$3,525,725 related to governmental activities and \$58,202 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 \$555,828 during the current fiscal year reflecting the principal amount repaid against the outstanding general obligation bonds payable.

The Water and Sewer Commission total debt had a net decrease of \$57,289 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 \$76,869,240 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 2023/2024 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 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

TOWN OF SHARON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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 2023-2024 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, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,048,653	\$ 252,548	\$ 6,301,201
Investments	599,233	-	599,233
Inventory	10,223	-	10,223
Prepaid Expenses	-	7,221	7,221
Receivables:			
Property Taxes	613,959	-	613,959
Accounts Receivable	3,840	113,865	117,705
Accrued interest and fees on property tax	483,418	-	483,418
Due From Other Governments	39,254	-	39,254
Capital Assets, not being depreciated	368,866	69,775	438,641
Capital Assets, net of accumulated depreciation	15,221,914	3,960,682	19,182,596
<u>TOTAL ASSETS</u>	<u>\$ 23,389,360</u>	<u>\$ 4,404,091</u>	<u>\$ 27,793,451</u>
<u>LIABILITIES</u>			
Accounts and Other Payables	\$ 235,651	\$ 8,030	\$ 243,681
Security Deposit	1,000	-	1,000
Due to State	105,576	-	105,576
Unearned Grant Revenue	342,030	-	342,030
Accrued Compensated Absences, due within one year	36,836	-	36,836
Noncurrent Liabilities Bonds & Notes Payable:			
Due within one year	546,213	44,921	591,134
Due in more than one year	2,979,512	13,281	2,992,793
<u>TOTAL LIABILITIES</u>	<u>4,246,818</u>	<u>66,232</u>	<u>4,313,050</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance Tax Collections	9,485	-	9,485
<u>NET POSITION</u>			
Net Investment in Capital Assets	11,696,189	3,972,255	15,668,444
Restricted Net Position	-	140,000	140,000
Unrestricted	7,436,868	225,604	7,662,472
<u>TOTAL NET POSITION</u>	<u>19,133,057</u>	<u>4,337,859</u>	<u>23,470,916</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	<u>\$ 23,389,360</u>	<u>\$ 4,404,091</u>	<u>\$ 27,793,451</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ (1,444,736)	\$ 235,333	\$ 5,500	\$ 47,579	\$ (1,156,324)	\$ -	\$ (1,156,324)
Public Safety	(386,064)	-	-	-	(386,064)	-	(386,064)
Public Works	(2,549,319)	239,559	362,017	21,129	(1,926,614)	-	(1,926,614)
Health Welfare	(76,295)	1,717	-	-	(74,578)	-	(74,578)
Parks and Recreation	(165,760)	9,400	-	-	(156,360)	-	(156,360)
Miscellaneous	(416,287)	169,295	8,700	124,000	(114,292)	-	(114,292)
Additional Budget Appropriations	(145,157)	-	-	-	(145,157)	-	(145,157)
Interest on Long Term Debt	(55,451)	-	-	-	(55,451)	-	(55,451)
Education	(6,877,294)	3,899	921,417	-	(5,951,978)	-	(5,951,978)
<u>Total Governmental Activities</u>	<u>(12,116,363)</u>	<u>659,203</u>	<u>1,297,634</u>	<u>192,708</u>	<u>(9,966,818)</u>	<u>-</u>	<u>(9,966,818)</u>
<u>Business Type Activities</u>							
Sewer and Water Commission	(724,278)	540,618	-	46,870	-	(136,790)	(136,790)
<u>Total Primary Government</u>	<u>\$ (12,840,641)</u>	<u>\$ 1,199,821</u>	<u>\$ 1,297,634</u>	<u>\$ 239,578</u>	<u>(9,966,818)</u>	<u>(136,790)</u>	<u>(10,103,608)</u>
<u>General Revenues:</u>							
Property taxes					11,258,462	-	11,258,462
Grants and contributions not restricted to specific programs					55,240	-	55,240
Unrestricted investment earnings					152,388	11,447	163,835
<u>Total General Revenues</u>					<u>11,466,090</u>	<u>11,447</u>	<u>11,477,537</u>
<u>Change in net position</u>					1,499,272	(125,343)	1,373,929
<u>Net position beginning of year</u>					<u>17,633,785</u>	<u>4,463,202</u>	<u>22,096,987</u>
<u>Net position end of year</u>					<u>\$ 19,133,057</u>	<u>\$ 4,337,859</u>	<u>\$ 23,470,916</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, 2023

	General Fund	Capital and Non-Recurring Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,526,761	\$ 865,626	\$ -	\$ 656,266	\$ 6,048,653
Investments	-	-	-	599,233	599,233
Inventory and prepaid	9,396	-	-	827	10,223
Receivables:					
Property Taxes	613,959	-	-	-	613,959
Accounts Receivable	3,840	-	-	-	3,840
Due From Other Funds	38,439	7,749	334,545	22	380,755
Due From Other Governments	-	29,559	-	9,695	39,254
<u>TOTAL ASSETS</u>	<u>5,192,395</u>	<u>902,934</u>	<u>334,545</u>	<u>1,266,043</u>	<u>7,695,917</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 5,192,395</u>	<u>\$ 902,934</u>	<u>\$ 334,545</u>	<u>\$ 1,266,043</u>	<u>\$ 7,695,917</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts and Other Payables	\$ 226,733	\$ -	\$ -	\$ 8,918	\$ 235,651
Due to Other Funds	342,316	29,559	-	8,880	380,755
Security Deposit	1,000	-	-	-	1,000
Unearned Grant Revenue	7,485	-	334,545	-	342,030
Performance Bonds	105,576	-	-	-	105,576
<u>TOTAL LIABILITIES</u>	<u>683,110</u>	<u>29,559</u>	<u>334,545</u>	<u>17,798</u>	<u>1,065,012</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Advance Tax Collections	9,485	-	-	-	9,485
Unavailable Revenue - property taxes	522,289	-	-	-	522,289
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>531,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,774</u>
<u>FUND BALANCES</u>					
Nonspendable	9,396	-	-	827	10,223
Restricted	-	-	-	484,002	484,002
Committed	1,181,980	873,375	-	763,416	2,818,771
Assigned	-	-	-	-	-
Unassigned	2,786,135	-	-	-	2,786,135
<u>TOTAL FUND BALANCES</u>	<u>3,977,511</u>	<u>873,375</u>	<u>-</u>	<u>1,248,245</u>	<u>6,099,131</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 5,192,395</u>	<u>\$ 902,934</u>	<u>\$ 334,545</u>	<u>\$ 1,266,043</u>	<u>\$ 7,695,917</u>

1,191,376

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, 2023

<u>Total fund balances for governmental funds</u>	\$ 6,099,131
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	15,590,780
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	522,289
Interest receivable on property taxes	483,418
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	(36,836)
General Obligation Bonds & Notes Payable	(3,525,725)
<u>Net position of governmental activities</u>	\$ 19,133,057

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, 2023

	General Fund	Capital Reserve Fund	Town Special Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$ 11,227,826	\$ -	\$ -	\$ -	\$ 11,227,826
Intergovernmental	644,188	29,559	177,149	543,277	1,394,173
Investment Income	71,802	11,980	-	68,606	152,388
Licenses Fees and Charges	454,984	-	-	-	454,984
Other Revenue	70,144	-	-	111,784	181,928
Contributions	-	-	-	13,092	13,092
Sales	-	-	-	3,899	3,899
<u>Total Revenues</u>	<u>12,468,944</u>	<u>41,539</u>	<u>177,149</u>	<u>740,658</u>	<u>13,428,290</u>
<u>Expenditures:</u>					
Current:					
General Government	1,577,787	-	131,000	-	1,708,787
Public Safety	374,650	-	-	11,414	386,064
Public Works	1,695,218	-	21,129	475,156	2,191,503
Health Department	76,295	-	-	-	76,295
Parks and Recreation	165,760	-	-	-	165,760
Miscellaneous	359,251	-	-	57,036	416,287
Additional Budget Appropriations	145,157	-	-	-	145,157
Debt Service	611,279	-	-	-	611,279
Education	6,526,335	-	-	194,250	6,720,585
Capital Outlay	-	317,580	18,020	22,216	357,816
<u>Total Expenditures</u>	<u>11,531,732</u>	<u>317,580</u>	<u>170,149</u>	<u>760,072</u>	<u>12,779,533</u>
Excess (deficiency) of Revenues Over Expenditures	937,212	(276,041)	7,000	(19,414)	648,757
<u>Other Financing Sources (Uses):</u>					
Transfers In	8,880	244,248	-	100,500	353,628
Transfers Out	(337,748)	-	(7,000)	(8,880)	(353,628)
<u>Total Other Financing sources (Uses):</u>	<u>(328,868)</u>	<u>244,248</u>	<u>(7,000)</u>	<u>91,620</u>	<u>-</u>
Net Change in Fund Balances	608,344	(31,793)	-	72,206	648,757
<u>Fund Balances Beginning of Year</u>	<u>3,369,167</u>	<u>905,168</u>	<u>-</u>	<u>1,176,039</u>	<u>5,450,374</u>
<u>Fund Balances End of Year</u>	<u>\$ 3,977,511</u>	<u>\$ 873,375</u>	<u>\$ -</u>	<u>\$ 1,248,245</u>	<u>\$ 6,099,131</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, 2023

Net change in fund balances for governmental funds \$ 648,757

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	914,448	
Depreciation expense	(652,843)	
Net adjustment	261,605	261,605

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 30,636

Other changes in accruals -

Change in Accrued Compensated Absences reported in statement of activities but not in fund statements 2,446

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 555,828

Change in net position of governmental activities \$ 1,499,272

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, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
<u>Revenues:</u>				
Property Taxes	\$11,051,145	\$11,051,145	\$11,227,826	\$ 176,681
Intergovernmental	41,081	41,081	73,917	32,836
Other Revenues	379,850	497,479	534,008	36,529
Interest Investments	7,000	7,000	71,802	64,802
<u>Total Revenues</u>	<u>11,479,076</u>	<u>11,596,705</u>	<u>11,907,553</u>	<u>310,848</u>
<u>Expenditures:</u>				
General Government	1,540,150	1,624,946	1,605,287	19,659
Public Safety	375,050	371,794	371,250	544
Public Works	1,735,898	1,746,985	1,746,985	-
Health Department	88,419	79,529	76,295	3,234
Parks and Recreation	259,976	270,370	238,508	31,862
Miscellaneous	335,784	368,543	365,682	2,861
Additional Budget Appropriations	-	160,402	145,157	15,245
Debt Service	636,327	636,327	636,279	48
Education	6,149,572	6,267,201	5,976,064	291,137
<u>Total Expenditures</u>	<u>11,121,176</u>	<u>11,526,097</u>	<u>11,161,507</u>	<u>364,590</u>
<u>Excess of Revenues Over</u> <u>(Under) Expenditures</u>	<u>357,900</u>	<u>70,608</u>	<u>746,046</u>	<u>675,438</u>
<u>Other Financing Sources (Uses):</u>				
Change in Encumbrances	(142,565)	(142,565)	(137,702)	4,863
<u>Total Other Financing Sources (Uses)</u>	<u>(142,565)</u>	<u>(142,565)</u>	<u>(137,702)</u>	<u>4,863</u>
<u>Net Change In Fund Balance</u>	<u>\$ 215,335</u>	<u>\$ (71,957)</u>	<u>608,344</u>	<u>\$ 680,301</u>
<u>Fund Balance - Beginning Of Year</u>			<u>3,369,167</u>	
<u>Fund Balance - End Of Year</u>			<u>\$ 3,977,511</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water <u>Commission</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 252,548
Accounts Receivable, Net of Allowance	113,865
Prepaid Expenses	7,221
Capital Assets, Net of Accumulated Depreciation	
Land & Construction in Process	69,775
Utility Plant, Net of Depreciation	<u>3,960,682</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,404,091</u>
 <u>LIABILITIES</u>	
Accounts and Other Payables	\$ 8,030
Noncurrent Liabilities Bonds Payable:	
Due within one year	44,921
Due in more than one year	<u>13,281</u>
<u>TOTAL LIABILITIES</u>	<u>66,232</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	3,972,255
Restricted for Capital Improvements	140,000
Unrestricted	<u>225,604</u>
<u>TOTAL NET POSITION</u>	<u>4,337,859</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 4,404,091</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, 2023

	Business Type Activities <u>Enterprise Fund</u> Sewer and Water Commission
<u>Operating Revenue</u>	
Water Sales	\$ 391,521
Sewer Services	149,097
<u>Total Operating Revenues</u>	<u>540,618</u>
 <u>Operating Expenses</u>	
Operations Services	215,757
Chemicals	16,748
Depreciation	199,885
Electric	36,873
Repairs and Maintenance	67,154
Supplies	4,814
Telephone	5,704
Fuel	11,681
Other Costs	60,698
Professional Services	3,500
Wages and Payroll Taxes	40,806
Insurance	14,146
Lab Fees	17,748
Sewer Bed Cleaning	16,638
Meters	10,054
<u>Total Expenditures</u>	<u>722,206</u>
 <u>Operating Income (Loss)</u>	 <u>(181,588)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	1,873
Grant Income ARPA Funds for Generator	46,870
Finance Charge Revenue	9,574
Interest Expense	(2,072)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>56,245</u>
 <u>Change In Net Position</u>	 (125,343)
 <u>Net Position, Beginning</u>	 <u>4,463,202</u>
 <u>Net Position, Ending</u>	 <u>\$ 4,337,859</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, 2023

	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	\$ 555,588
Cash Received from Grants	-
Cash Payments to Suppliers	(482,107)
Cash Payments to Employees and Professional	(44,306)
<u>Net Cash Provided by Operating Activities</u>	<u>29,175</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Repayments	(57,289)
Capital Additions	(33,640)
Interest Paid	(2,072)
 <u>Net Cash Used by Capital and Related Financing Activities</u>	 <u>(93,001)</u>
 <u>Cash Flows From Investing Activities</u>	
Receipts of Interest	1,873
<u>Net Cash Provided by Investing Activities</u>	<u>1,873</u>
 <u>Net Increase (Decrease) in Cash</u>	 (61,953)
 <u>Cash, Beginning of Year</u>	 <u>314,501</u>
 <u>Cash, End of Year</u>	 <u>\$ 252,548</u>
 <u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (181,588)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	199,885
Receipt of Other Revenue	11,544
Increase in Prepaid Expenses	(7,221)
Decrease in Accounts Payable	3,129
Decrease in Accounts Receivable	3,426
 <u>Net Cash Provided by Operating Activities</u>	 <u>\$ 29,175</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, 2023

	Pension Trust Funds	Custodial Funds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 13,715	\$ 13,715
Receivables	102,578	-	102,578
Investments	1,576,878	-	1,576,878
<u>TOTAL ASSETS</u>	<u>\$ 1,679,456</u>	<u>\$ 13,715</u>	<u>\$ 1,693,171</u>
 <u>LIABILITIES</u>			
Due to beneficiaries	\$ -	\$ -	\$ -
<u>TOTAL LIABILITIES</u>	-	-	-
 <u>NET POSITION</u>			
Restricted for Pensions	1,679,456	-	1,679,456
Restricted for Individuals and Organizations	-	13,715	13,715
<u>TOTAL NET POSITION</u>	1,679,456	13,715	1,693,171
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 1,679,456</u>	 <u>\$ 13,715</u>	 <u>\$ 1,693,171</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, 2023

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>Additions</u>			
Contributions			
Employer	\$ 102,578	\$ -	\$ 102,578
Employee	-	-	-
Events and Activities	-	10,548	10,548
<u>Total Contributions</u>	<u>102,578</u>	<u>10,548</u>	<u>113,126</u>
<u>Investment Income</u>			
Investment Net Earnings	134,679	-	134,679
<u>Total Investment Income</u>	<u>134,679</u>	<u>-</u>	<u>134,679</u>
<u>Total Additions</u>	<u>237,257</u>	<u>10,548</u>	<u>247,805</u>
<u>Deductions</u>			
Benefits Paid	-	-	-
Plan Administration	20,201	-	20,201
Events and Activities	-	12,239	12,239
<u>Total Deductions</u>	<u>20,201</u>	<u>12,239</u>	<u>32,440</u>
<u>Change in Net Position</u>	<u>217,056</u>	<u>(1,691)</u>	<u>215,365</u>
<u>Net Position Beginning</u>	<u>1,462,400</u>	<u>15,406</u>	<u>1,477,806</u>
<u>Net Position Ending</u>	<u>\$ 1,679,456</u>	<u>\$ 13,715</u>	<u>\$ 1,693,171</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 Assessor 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:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
Machinery and Equipment	5 - 20
Intrastucture	30 - 50

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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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 presented in conformity with accounting principles generally accepted in the United States of America is as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
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	Revenues	Expenditures
Total Budgetary Basis - Non GAAP	\$ 11,907,553	\$ 11,161,507
Teachers retirement System On Behalf Payments	562,318	562,318
Teachers retirement System OPEB	7,953	7,953
Change in Encumbrances	-	137,702
Interfund Transfers reported on Non-GAAP statements as revenues and expenditures	(8,880)	(337,748)
Total GAAP Basis	\$ 12,468,944	\$ 11,531,732

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, 2023, the carrying amount of the Town’s cash deposits were as follows:

	Carrying Amount	Bank Balance
General Fund	\$ 4,526,761	\$ 4,838,553
Capital and Non-Recurring Fund	865,626	865,626
Nonmajor Governmental Funds	736,736	726,119
Sewer and Water Commission	252,548	266,181
Custodial Funds	13,715	13,715
Total Deposits	6,395,386	6,710,194
Less Certificates of deposit classified as investments	(80,470)	(80,470)
Total Cash and Cash Equivalents	\$ 6,314,916	\$ 6,629,724

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, 2023, \$6,385,303 of the Town’s bank balance of \$6,710,194 was exposed to custodial credit risk as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Uninsured and uncollateralized	\$	136,060
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Town's name		6,249,243
	\$	6,385,303

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, 2023, 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, 2023, 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>
Nonmajor Funds					
Certificates of deposit	\$ 80,470	\$ -	\$ -	\$ 80,470	\$ -
Corporate stock	447,563	447,563	-	-	-
Bond funds	71,200	71,200	-	-	-
	599,233	518,763	-	80,470	-
Pension trust fund					
Held by Administrator	1,576,878	1,576,878	-	-	-
	\$ 2,176,111	\$ 2,095,641	\$ -	\$ 80,470	\$ -

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.

Concentrations of Credit Risk

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	Fair Market Value	Maturity not Available	Less than 1 Year	1- 5 Years	5 - 10 Years
Nonmajor Funds					
Certificates of deposit	\$ 80,470	\$ -	\$ -	\$ 80,470	\$ -
Corporate stock	447,563	447,563	-	-	-
Bond funds	71,200	71,200	-	-	-
	<u>599,233</u>	<u>518,763</u>	<u>-</u>	<u>80,470</u>	<u>-</u>
Pension trust fund					
Held by Administrator	1,576,878	1,576,878			
	<u>\$ 2,176,111</u>	<u>\$ 2,095,641</u>	<u>\$ -</u>	<u>\$ 80,470</u>	<u>\$ -</u>

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
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Fair Value Measurements

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The town's investments are measured on a recurring basis using level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2023.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – RECEIVABLES

Receivables at June 30, 2023 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	\$ 613,959	\$ -	\$ -	\$ 613,959
Interest due on taxes	483,418	-	-	483,418
Grants Receivable	-	9,695	-	9,695
Accounts Receivable	3,840	-	113,865	117,705
Total Receivables	<u>\$ 1,101,217</u>	<u>\$ 9,695</u>	<u>\$ 113,865</u>	<u>\$ 1,224,777</u>

NOTE 6 -DEFICIT FUND BALANCES

As of June 30, 2023, no funds had deficit fund balances.

NOTE 7 - POST EMPLOYMENT AND HEALTHCARE BENEFITS

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

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 38,439	\$ 342,316
Capital Non-Recurring Fund	7,749	-
Sharon Cemetery Fund	-	8,880
Capital and Non-Recurring Fund	-	29,559
Silly Putty Fund	22	-
Town Special Grants Fund	334,545	-
Total	<u>\$ 380,755</u>	<u>\$ 380,755</u>

A summary of interfund transfers is presented as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,880	\$ 337,748
Capital Non-Recurring Fund	244,248	-
Sharon Cemetery Fund	-	8,880
School Cafeteria Fund	20,000	-
67 Main Street Fund	7,000	-
Town Special Grant Fund	-	7,000
Town Clerk Preservation Fund	1,000	-
Tree Committee	20,000	-
Dog Fund	2,500	-
Amenia Landfill Fund	25,000	-
Green Rehab Fund	10,000	-
Revaluation Fund	15,000	-
	<u> </u>	<u> </u>
Total	<u>\$ 353,628</u>	<u>\$ 353,628</u>

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, 2023 was as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being depreciated				
Land	\$ 274,081	\$ -	\$ -	\$ 274,081
Construction in Process	63,280	94,785	63,280	94,785
Total Capital Assets, not being depreciated	<u>337,361</u>	<u>94,785</u>	<u>63,280</u>	<u>368,866</u>
Capital Assets, being depreciated				
Building and Improvement	11,169,938	203,591	-	11,373,529
Machinery and Equipment	3,459,246	284,367	203,431	3,540,182
Infrastructure	11,002,643	394,985	-	11,397,628
Total Capital Assets being depreciated	<u>25,631,827</u>	<u>882,943</u>	<u>203,431</u>	<u>26,311,339</u>
Less Accumulated Depreciation for:				
Building and Improvement	6,248,038	225,038	-	6,473,076
Machinery and Equipment	2,609,223	199,552	203,431	2,605,344
Infrastructure	1,782,752	228,253	-	2,011,005
Total Accumulated Depreciation	<u>\$ 10,640,013</u>	<u>652,843</u>	<u>203,431</u>	<u>11,089,425</u>
Total Capital Assets, being depreciated net	<u>14,991,814</u>	<u>230,100</u>	<u>-</u>	<u>15,221,914</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,329,175</u>	<u>\$ 324,885</u>	<u>\$ 63,280</u>	<u>\$ 15,590,780</u>
<u>Business Type Activities</u>				
Capital Assets, not being depreciated				
Land	\$ 37,130	\$ -	\$ 37,130	\$ -
Total Capital Assets, not being depreciated	<u>69,775</u>	<u>-</u>	<u>-</u>	<u>69,775</u>
Capital Assets, being depreciated				
Building and Improvement	106,905	-	37,130	69,775
Machinery and Equipment	6,826,277	-	-	6,826,277
Total Capital Assets being depreciated	<u>1,356,030</u>	<u>70,770</u>	<u>53,910</u>	<u>1,372,890</u>
Total Capital Assets, being depreciated net	<u>8,182,307</u>	<u>70,770</u>	<u>53,910</u>	<u>8,199,167</u>
Less Accumulated Depreciation for:				
Building and Improvement	3,429,915	170,245	-	3,600,160
Machinery and Equipment	662,595	29,640	53,910	638,325
Total Accumulated Depreciation	<u>4,092,510</u>	<u>199,885</u>	<u>53,910</u>	<u>4,238,485</u>
Total Capital Assets, being depreciated net	<u>4,089,797</u>	<u>(129,115)</u>	<u>-</u>	<u>3,960,682</u>
Business Type Activities Capital Assets, Net	<u>\$ 4,196,702</u>	<u>\$ (129,115)</u>	<u>\$ 37,130</u>	<u>\$ 4,030,457</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Governmental Activities	
General Government Services	\$ 71,243
Public Works, including depreciation of general infrastructure assets	427,472
Education	154,128
Total Depreciation Expense - Governmental Activities	\$ 652,843
Business-Type Activities:	
Sewer and Water Commission	\$ 199,885

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 General Obligation Bonds	2,545,000	-	525,000	2,020,000	515,000
2021 USDA Bond Transfer Stat	1,536,553	-	30,828	1,505,725	31,213
Total General Government	4,081,553	-	555,828	3,525,725	546,213
Businesses Type Activities					
2005 Drinking Water Fund	40,186		26,630	13,556	13,556
2010 Sewer Loan	75,305		30,659	44,646	31,365
Total Business type Activates	115,491	-	57,289	58,202	44,921
Total Bonds and Debt	4,197,044	-	613,117	3,583,927	591,134
Compensated Absences	34,390	2,446	-	36,836	36,836
Total Long-term Debt	\$4,231,434	\$ 2,446	\$ 613,117	\$3,620,763	\$ 627,970

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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	\$ 2,020,000
USDA Bonds payable dated 01/2021 payable \$50,035 per year, including interest at 1.25%, final payment due 1/2061 - Transfer Station	1,505,725
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	44,646
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>13,556</u>
Total Bonds and Notes Payable	<u><u>\$ 3,583,927</u></u>

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

Year Ending June 30	Principal	Interest	Total
2024	591,134	47,633	638,767
2025	554,885	38,382	593,267
2026	531,999	29,881	561,880
2027	527,399	21,571	548,970
2028	32,804	17,231	50,035
Thereafter	<u>1,345,706</u>	<u>304,720</u>	<u>1,650,426</u>
	<u><u>\$ 3,583,927</u></u>	<u><u>\$ 459,418</u></u>	<u><u>\$ 4,043,345</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, 2023.

NOTE 12 – FUND BALANCES

As of June 30, 2023, governmental fund balances are composed of the following:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	General Fund	Capital and Non- Recurring Fund	Non Major Government al Funds	Total Government al Funds
Nonspendable				
Inventory and prepaid	\$ 9,396	\$ -	\$ 827	\$ 10,223
	<u>9,396</u>	<u>-</u>	<u>827</u>	<u>10,223</u>
Restricted				
Town Aid Road Fund	-	-	265,408	265,408
School Cafeteria Fund	-	-	32,634	32,634
Silly Putty Fund	-	-	52,167	52,167
Local and State Fund	-	-	27,911	27,911
Brown Fund	-	-	50,378	50,378
Sharon Fund	-	-	55,504	55,504
	<u>-</u>	<u>-</u>	<u>484,002</u>	<u>484,002</u>
Committed				
STEAP Town Hall Parking Lot	125,000	-	-	125,000
Sharon Housing Authority	100,000	-	-	100,000
School Roof Project	86,980	-	-	86,980
Broadband Internet Expansion	800,000	-	-	800,000
Speed Humps LOCIP	30,000	-	-	30,000
Tree Removal LOCIP	40,000	-	-	40,000
Capital Non-Recurring Fund	-	873,375	-	873,375
Sharon Cemetery Fund	-	-	518,149	518,149
67 Main Street Fund	-	-	89,980	89,980
Town Clerk Preservation Fund	-	-	13,223	13,223
Tree Committee	-	-	14,604	14,604
Dog Fund	-	-	1,237	1,237
Amenia Landfill Fund	-	-	45,641	45,641
Green Rehab Fund	-	-	58,579	58,579
Revaluation Fund	-	-	22,003	22,003
	<u>1,181,980</u>	<u>873,375</u>	<u>763,416</u>	<u>2,818,771</u>
Unassigned	<u>2,786,135</u>	<u>-</u>	<u>-</u>	<u>2,786,135</u>
Total governmental funds	<u>\$3,977,511</u>	<u>\$ 873,375</u>	<u>\$1,248,245</u>	<u>\$ 6,099,131</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 by the Town were \$102,578.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

Benefit Provisions

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

Normal Retirement

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.

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.

TOWN OF SHARON
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

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, 2023 the amount of "on-behalf" contributions made by the state was \$386,371 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

At June 30, 2023, 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		7,132,146
 Total	 \$	 7,132,146

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. As of June 30, 2023, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized benefits expense and contribution revenue of \$562,318 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$689,330 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, 2022, with a reporting date of June 30, 2023, 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:

Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Cost of Living Allowance

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

Long-Term Rate of Return

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:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market International Stock Fund	11.0%	6.4%
Emerging Market International Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

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.

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, plus professional employees at state schools of higher education, are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the Teachers’ Retirement Board (TRB), if they choose to be covered.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

Benefit Provisions

There are two types of health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer, and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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 \$220 per month for a retired member plus an additional \$220 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute.

A subsidy amount of \$440 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 \$440 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, state employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

TOWN OF SHARON
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Pro-ratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the state was \$7,953 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized \$37,650 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

As of June 30, 2023, 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		624,612
Total	<u>\$</u>	<u>624,612</u>

The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2022. As of June 30, 2023, 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, 2022 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Inflation	2.50%
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	3.54%
Prior Measurement date	2.16%

The projected fiduciary net position is projected to be depleted in 2027.

Single equivalent interest rate	
Measurement date	3.53%, net of OPEB plan investment expense, including price inflation.
Prior Measurement date	2.17 %, net of OPEB plan investment expense, including price inflation.
Healthcare cost trends rates	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031.

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.

Long-Term Rate of Return

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

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
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%	

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019. The changes in the assumptions since the prior year are as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- Discount rate changed from 2.17% to 3.53%.
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience.
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated.
- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

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 evaluating 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 investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.98%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, 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 annually 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.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 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.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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, 2023, 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.

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. 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 the requirements related to financial guarantees and the classification and reporting of derivative instruments 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

	2023	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%	0.00%
Towns proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the town	7,132,146	5,783,031	7,301,729	7,054,214	5,439,209	5,962,940	6,290,948	4,635,777	4,284,847
Total	\$ 7,132,146	\$ 5,783,031	\$ 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	\$ 1,829,034	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
Changes of assumptions	None
Actuarial cost method	Entry
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent amortization period	27.8 years
Asset valuation method	4-year smoothed fair value
Inflation	2.50%
Salary increases	3.00%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

Notes:

This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available
The measurement date is one year earlier than the employer's reporting date.

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

	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Towns proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the town	624,612	630,051	1,089,053	1,100,214	1,087,329	1,534,781
Total	\$ 624,612	\$ 630,051	\$ 1,089,053	\$ 1,100,214	\$ 1,087,329	\$ 1,534,781
Town's covered-employee payroll	\$ 1,829,034	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.
Changes of assumptions Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022.

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience.

The assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated;

Long-term health care cost trend rates were updated; and

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Actuarial cost method	Entry Age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of pension plan investment expense
Inflation	2.50%

Notes:

This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available
The measurement date is one year earlier than the employer's reporting date.

TOWN OF SHARON
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Property Taxes</u>					
Property taxes	10,851,145	\$ -	\$ 10,851,145	\$ 10,999,208	\$ 148,063
Back Taxes, interest and lien fees	200,000	-	200,000	228,618	28,618
<u>Total Property Taxes</u>	<u>11,051,145</u>	<u>-</u>	<u>11,051,145</u>	<u>11,227,826</u>	<u>176,681</u>
<u>Intergovernmental</u>					
Education (ECS)	9,960	-	9,960	18,677	8,717
Pilot - State/Fed Property	14,000	-	14,000	12,354	(1,646)
Tax Relief- Elderly & Veterans	2,000	-	2,000	1,866	(134)
TeleCom Property Tax	12,620	-	12,620	14,765	2,145
Pequot/Mohegan Grant	2,001	-	2,001	2,001	-
Miscellaneous Grants	500	-	500	24,254	23,754
<u>Total Intergovernmental</u>	<u>41,081</u>	<u>-</u>	<u>41,081</u>	<u>73,917</u>	<u>32,836</u>
<u>Other Revenues</u>					
Town Clerk fees	150,000	-	150,000	169,726	19,726
Town Beach	9,000	-	9,000	9,400	400
Vital Statistics	30,000	-	30,000	33,884	3,884
Building Permits	125,000	-	125,000	235,259	110,259
Zoning permits/ZBA	2,500	-	2,500	2,415	(85)
Cemetery Fund	9,600	-	9,600	8,880	(720)
Miscellaneous	46,750	-	46,750	69,144	22,394
Sharon Ridge Pilot	1,000	-	1,000	1,000	-
Sanitary Inspector	6,000	-	6,000	4,300	(1,700)
<u>Total Other Revenues</u>	<u>379,850</u>	<u>-</u>	<u>379,850</u>	<u>534,008</u>	<u>154,158</u>
<u>Interest - Investments</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>71,802</u>	<u>64,802</u>
<u>Transfers In from Capital - Board of Education</u>	<u>-</u>	<u>117,629</u>	<u>117,629</u>	<u>-</u>	<u>(117,629)</u>
<u>Total Revenues</u>	<u>\$ 11,479,076</u>	<u>\$ 117,629</u>	<u>\$ 11,596,705</u>	<u>\$ 11,907,553</u>	<u>\$ 310,848</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Transfers	Final		
<u>General Government</u>					
Office of Selectman	\$ 93,043	\$ 896	\$ 93,939	\$ 93,939	\$ -
Administrative Assistant	54,779	-	54,779	54,279	500
Probate Court	5,616	-	5,616	5,616	-
Elections	28,075	(6,506)	21,569	21,569	-
Board of Finance/Annual Report	1,200	11	1,211	1,211	-
Auditor	25,500	-	25,500	25,500	-
Town treasurer	19,931	465	20,396	20,396	-
Town Council	6,000	-	6,000	4,016	1,984
Labor Counsel	1,000	-	1,000	523	477
Assessors	122,570	-	122,570	115,321	7,249
Board of Assessment Appeals	2,000	-	2,000	1,239	761
Tax Collector	49,823	805	50,628	50,628	-
Town Clerk	98,870	-	98,870	94,767	4,103
Planning and Zoning Commission	56,185	890	57,075	57,075	-
Town Hall	144,356	73,913	218,269	218,269	-
Town Insurance	110,000	(12,477)	97,523	97,523	-
Employee Benefits	534,003	(2,926)	531,077	531,077	-
Building Official/Fire Marshall	137,923	-	137,923	135,363	2,560
Miscellaneous Administration	33,276	32,985	66,261	64,236	2,025
Community Hall	16,000	(3,260)	12,740	12,740	-
<u>Total General Government</u>	<u>1,540,150</u>	<u>84,796</u>	<u>1,624,946</u>	<u>1,605,287</u>	<u>19,659</u>
<u>Public Safety</u>					
Fire	310,080	(4,642)	305,438	305,438	-
Constables	450	-	450	450	-
Street Lighting	7,000	-	7,000	7,100	(100)
Water Hydrants	52,000	-	52,000	51,376	624
Civil Preparedness	10	-	10	-	10
Dog Warden	5,510	1,386	6,896	6,886	10
<u>Total Public Safety</u>	<u>375,050</u>	<u>(3,256)</u>	<u>371,794</u>	<u>371,250</u>	<u>544</u>
<u>Public Works</u>					
Highways and Roadways	1,304,198	13,139	1,317,337	1,317,337	-
Municipal Waste	281,700	(2,052)	279,648	279,648	-
Equipment Replacement	150,000	-	150,000	150,000	-
<u>Total Public Works</u>	<u>1,735,898</u>	<u>11,087</u>	<u>1,746,985</u>	<u>1,746,985</u>	<u>-</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance Favorable (Unfavorable)
	Original	Transfers	Final		
<u>Health Department</u>					
Conservation of Health	39,419	-	39,419	39,181	238
Sanitary Inspector	3,000	-	3,000	900	2,100
Public Health Nurse	2,500	-	2,500	2,500	-
Welfare and Social Services	43,500	(8,890)	34,610	33,714	896
<u>Total Health Department</u>	<u>88,419</u>	<u>(8,890)</u>	<u>79,529</u>	<u>76,295</u>	<u>3,234</u>
<u>Parks and Recreation</u>					
Recreation	32,932	-	32,932	29,013	3,919
Youth Services	94,644	-	94,644	81,417	13,227
Town Beach	86,400	-	86,400	71,684	14,716
Sharon Green	46,000	10,394	56,394	56,394	-
<u>Total Parks and Recreation</u>	<u>259,976</u>	<u>10,394</u>	<u>270,370</u>	<u>238,508</u>	<u>31,862</u>
<u>Miscellaneous</u>					
Hotchkiss Library	100,000	-	100,000	100,000	-
Homeowners/Renters Rebate Program	10	-	10	-	10
Contributions	93,334	-	93,334	92,887	447
Other	58,341	32,759	91,100	89,416	1,684
Cemeteries	9,600	-	9,600	8,880	720
Reserve for Capital Non-Recurring	74,499	-	74,499	74,499	-
<u>Total Miscellaneous</u>	<u>335,784</u>	<u>32,759</u>	<u>368,543</u>	<u>365,682</u>	<u>2,861</u>
<u>Debt Service</u>					
General Obligations Bonds	561,292	-	561,292	561,244	48
Old Amenia Landfill	25,000	-	25,000	25,000	-
Transfer Station Debt Service	50,035	-	50,035	50,035	-
<u>Total Debt Service</u>	<u>636,327</u>	<u>-</u>	<u>636,327</u>	<u>636,279</u>	<u>48</u>
<u>Additional Budget Appropriations</u>					
Purchase of Vehicle	-	160,402	160,402	145,157	15,245
<u>Total Additional Budget Appropriations</u>	<u>-</u>	<u>160,402</u>	<u>160,402</u>	<u>145,157</u>	<u>15,245</u>
<u>Education</u>					
Elementary Education	4,394,943	117,629	4,512,572	4,221,435	291,137
Regional Education	1,754,629	-	1,754,629	1,754,629	-
<u>Total Education</u>	<u>6,149,572</u>	<u>117,629</u>	<u>6,267,201</u>	<u>5,976,064</u>	<u>291,137</u>
<u>Total Expenditures</u>	<u>11,121,176</u>	<u>404,921</u>	<u>11,526,097</u>	<u>11,161,507</u>	<u>349,345</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over (Under) Expenditures</u>	<u>\$ 357,900</u>	<u>\$ (287,292)</u>	<u>\$ 70,608</u>	<u>\$ 746,046</u>	<u>\$ 675,438</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Salaries:</u>					
<u>Certified personnel:</u>					
Teachers	\$ 1,556,321	\$ -	\$ 1,556,321	\$ 1,546,218	\$ (10,103)
Remedial Instruction	67,780	-	67,780	26,932	(40,848)
Extra Pay for Extra Duty	34,869	-	34,869	18,348	(16,521)
Special Programs	6,961	-	6,961	6,296	(665)
Principal	157,020	-	157,020	144,520	(12,500)
Substitutes	38,500	-	38,500	17,542	(20,958)
Total Certified Personnel	1,861,451	-	1,861,451	1,759,856	(101,595)
<u>Non Certified Personnel:</u>					
Teacher Assistants	79,764	-	79,764	78,642	(1,122)
Computer Technologist	60,103	-	60,103	58,327	(1,776)
School Nurse, RN	57,030	-	57,030	58,629	1,599
Board Clerk	51,487	-	51,487	52,115	628
Secretaries	112,434	-	112,434	105,844	(6,590)
Substitute Stipend	7,500	-	7,500	7,500	-
Head Custodian/Assistant Custodian	175,635	-	175,635	175,099	(536)
Custodial Overtime	6,987	-	6,987	6,918	(69)
Teacher Assistants Substitutes	2,000	-	2,000	220	(1,780)
School Nurse Substitutes	2,000	-	2,000	2,144	144
Office Substitutes	1,000	-	1,000	105	(895)
Custodial Substitutes	4,000	-	4,000	2,098	(1,902)
Total Non Certified Personnel	559,940	-	559,940	547,641	(12,299)
<u>Total Salaries</u>	2,421,391	-	2,421,391	2,307,497	(113,894)
<u>Employee Benefits:</u>					
Health Insurance	733,255	-	733,255	617,960	(115,295)
Social Security/Medicare	77,597	-	77,597	72,609	(4,988)
Pension Plan Classified	40,728	-	40,728	35,372	(5,356)
Annuity - Principal	5,000	-	5,000	2,909	(2,091)
Unemployment Compensation	1,000	-	1,000	-	(1,000)
Workers' Compensation	16,225	-	16,225	15,279	(946)
Life Insurance	4,720	-	4,720	3,946	(774)
Total Employee Benefits	878,525	-	878,525	748,075	(130,450)
<u>Purchased Services:</u>					
<u>Professional / Educational</u>					
Middle School Sports & Activity	13,825	-	13,825	8,913	(4,912)
Licenses	7,054	-	7,054	8,939	1,885
Board of Education In-service	750	-	750	1,519	769
Assemblies/Student Activities	15,428	-	15,428	15,044	(384)
In Service/Curriculum Dev, Staff Training	14,777	-	14,777	41,150	26,373
Public Relations	1,000	-	1,000	1,590	590
School Physicians	1,200	-	1,200	1,250	50
Legal, Negotiation Fees, Contracts	15,000	-	15,000	6,754	(8,246)
Audit ED 001 Report, Cafeteria, All Audits	5,000	-	5,000	4,750	(250)
Technology Support Services	18,672	-	18,672	17,280	(1,392)
Total professional services	92,706	-	92,706	107,189	14,483

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
Purchased property services:					
Water and Sewer	8,480	-	8,480	6,635	(1,845)
Cleaning Services	2,500	-	2,500	1,156	(1,344)
Refuse Removal - Recycling	5,369	-	5,369	5,608	239
Upkeep of Grounds/Buildings	35,918	-	35,918	38,404	2,486
Service Office, AV, Music Equipment	7,867	-	7,867	4,908	(2,959)
Building repairs	131,580	-	131,580	123,573	(8,007)
Emergency	10,000	-	10,000	28,243	18,243
Scheduled Painting	48,620	-	48,620	59,250	10,630
Asbestos Removal/Mgmt. Plan/Testing	560	-	560	580	20
Total property services	<u>250,894</u>	<u>-</u>	<u>250,894</u>	<u>268,357</u>	<u>17,463</u>
Other Purchased Services					
All-Star Bus Contract	193,104	-	193,104	193,104	-
School Class Trips	17,925	-	17,925	5,273	(12,652)
Multi-peril Insurance	32,380	-	32,380	32,406	26
Student Athletic Insurance	400	-	400	100	(300)
Postage	2,500	-	2,500	371	(2,129)
Telephone	13,903	-	13,903	14,743	840
Advertising	500	-	500	241	(259)
Printing	1,200	-	1,200	507	(693)
Summer School	11,500	-	11,500	4,645	(6,855)
Staff Travel	6,250	-	6,250	3,450	(2,800)
Technology	39,475	-	39,475	39,647	172
Total other purchased services	<u>319,137</u>	<u>-</u>	<u>319,137</u>	<u>294,487</u>	<u>(24,650)</u>
<u>Total - Purchased Services</u>	<u>662,737</u>	<u>-</u>	<u>662,737</u>	<u>670,033</u>	<u>7,296</u>
<u>Supplies</u>					
Classroom Supplies	31,400	-	31,400	29,865	(1,535)
Art Supplies	3,150	-	3,150	3,163	13
Music Supplies	3,150	-	3,150	1,130	(2,020)
Physical Education Supplies	3,150	-	3,150	3,190	40
Test Materials	1,200	-	1,200	125	(1,075)
Consumable Workbooks	5,000	-	5,000	7,754	2,754
Medical Supplies	2,000	-	2,000	1,996	(4)
Audio Visual Materials	2,500	-	2,500	2,465	(35)
Computer Software -Internet Subscriptions	53,941	-	53,941	44,960	(8,981)
Office Supplies	8,250	-	8,250	10,486	2,236
Graduation Supplies	2,500	-	2,500	3,990	1,490
Custodial Supplies	33,784	-	33,784	27,218	(6,566)
Maintenance Supplies	34,763	-	34,763	20,451	(14,312)
Electricity	84,339	-	84,339	58,483	(25,856)
Heating Fuel	42,150	-	42,150	62,160	20,010
Diesel Fuel	19,448	-	19,448	35,442	15,994
Textbooks	7,500	-	7,500	14,658	7,158
Library Books	8,440	-	8,440	7,313	(1,127)
Library: Supplies/Periodicals	4,500	-	4,500	2,040	(2,460)
<u>Total Supplies</u>	<u>351,165</u>	<u>-</u>	<u>351,165</u>	<u>336,889</u>	<u>(14,276)</u>

TOWN OF SHARON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
BUGETARY BASIS - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Over (Under)
	Original	Transfers	Final		
<u>Property</u>					-
Equipment, Instructional	25,875	-	25,875	24,075	(1,800)
Equipment, Non-instructional	-	-	-	14,620	14,620
<u>Total Property</u>	25,875	-	25,875	38,695	12,820
<u>Dues and Fees</u>					
Education Connection	250	-	250	2,803	2,553
<u>Total Dues and Fees</u>	250	-	250	2,803	2,553
<u>Capital Expenses</u>					
Transfer Cafeteria	30,000	-	30,000	20,000	(10,000)
Extended Day/Enrichment	25,000	-	25,000	6,756	(18,244)
Capital Expense	-	-	-	90,687	90,687
<u>Total Capital Expenses</u>	55,000	-	55,000	117,443	62,443
<u>Additional Funding for MBR</u>	-	117,629	117,629	-	(117,629)
<u>TOTAL SHARON BOARD OF EDUCATION</u>	4,394,943	117,629	4,512,572	4,221,435	(291,137)
<u>Region One</u>					
High School	1,130,264	-	1,130,264	1,130,264	-
Pupil Services	494,233	-	494,233	494,233	-
Administrative Services	130,132	-	130,132	130,132	-
<u>Total Region One</u>	1,754,629	-	1,754,629	1,754,629	-
<u>TOTAL EDUCATION EXPENDITURES</u>	\$ 6,149,572	\$ 117,629	\$ 6,267,201	\$ 5,976,064	\$ (291,137)

TOWN OF SHARON
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Town Aid Road Fund	School Cafeteria Fund	Education & Other Grants Fund	Silly Putty Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 265,408	\$ 22,939	\$ -	\$ 52,145	\$ 29,612	\$ 2,330	\$ 23,082	\$ 8,266
Investments	-	-	-	-	-	48,048	32,422	518,763
Inventory	-	827	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	22	-	-	-	-
Due From Other Governments	-	9,695	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>265,408</u>	<u>33,461</u>	<u>-</u>	<u>52,167</u>	<u>29,612</u>	<u>50,378</u>	<u>55,504</u>	<u>527,029</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>								
	-	-	-	-	-	-	-	-
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>								
	<u>\$ 265,408</u>	<u>\$ 33,461</u>	<u>\$ -</u>	<u>\$ 52,167</u>	<u>\$ 29,612</u>	<u>\$ 50,378</u>	<u>\$ 55,504</u>	<u>\$ 527,029</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities:</u>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,701	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	8,880
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>8,880</u>
<u>Fund Balances:</u>								
Nonspendable	-	827	-	-	-	-	-	-
Restricted	265,408	32,634	-	52,167	27,911	50,378	55,504	-
Committed	-	-	-	-	-	-	-	518,149
Unassigned	-	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>265,408</u>	<u>33,461</u>	<u>-</u>	<u>52,167</u>	<u>27,911</u>	<u>50,378</u>	<u>55,504</u>	<u>518,149</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
	<u>\$ 265,408</u>	<u>\$ 33,461</u>	<u>\$ -</u>	<u>\$ 52,167</u>	<u>\$ 29,612</u>	<u>\$ 50,378</u>	<u>\$ 55,504</u>	<u>\$ 527,029</u>

TOWN OF SHARON
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 90,930	\$ 13,223	\$ 19,434	\$ 2,674	\$ 45,641	\$ 58,579	\$ 22,003	\$ 656,266
Investments	-	-	-	-	-	-	-	599,233
Inventory	-	-	-	-	-	-	-	827
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	22
Due From Other Governments	-	-	-	-	-	-	-	9,695
<u>TOTAL ASSETS</u>	<u>90,930</u>	<u>13,223</u>	<u>19,434</u>	<u>2,674</u>	<u>45,641</u>	<u>58,579</u>	<u>22,003</u>	<u>1,266,043</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 90,930</u>	<u>\$ 13,223</u>	<u>\$ 19,434</u>	<u>\$ 2,674</u>	<u>\$ 45,641</u>	<u>\$ 58,579</u>	<u>\$ 22,003</u>	<u>\$1,266,043</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities:</u>								
Accounts Payable	\$ 950	\$ -	\$ 4,830	\$ 1,437	\$ -	\$ -	\$ -	8,918
Due to Other Funds	-	-	-	-	-	-	-	8,880
<u>Total Liabilities</u>	<u>950</u>	<u>-</u>	<u>4,830</u>	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,798</u>
<u>Fund Balances:</u>								
Nonspendable	-	-	-	-	-	-	-	827
Restricted	-	-	-	-	-	-	-	484,002
Committed	89,980	13,223	14,604	1,237	45,641	58,579	22,003	763,416
Unassigned	-	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>89,980</u>	<u>13,223</u>	<u>14,604</u>	<u>1,237</u>	<u>45,641</u>	<u>58,579</u>	<u>22,003</u>	<u>1,248,245</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u>\$ 90,930</u>	<u>\$ 13,223</u>	<u>\$ 19,434</u>	<u>\$ 2,674</u>	<u>\$ 45,641</u>	<u>\$ 58,579</u>	<u>\$ 22,003</u>	<u>\$1,266,043</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, 2023

	Town Aid Road Fund	School Cafeteria Fund	Education & Other Grants Fund	Silly Putty Fund	Local and State Fund	Brown Fund	Sharon Fund	Sharon Cemetery Fund
<u>Revenues:</u>								
Intergovernmental	\$ 362,017	\$ 67,814	\$ 107,946	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	4,392	-	8,700	-
Investment Income	112	-	-	560	-	391	745	63,359
Other Income	-	-	-	51,607	30,060	-	4,164	-
Sales	-	3,899	-	-	-	-	-	-
<u>Total Revenues</u>	<u>362,129</u>	<u>71,713</u>	<u>107,946</u>	<u>52,167</u>	<u>34,452</u>	<u>391</u>	<u>13,609</u>	<u>63,359</u>
<u>Expenditures:</u>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	448,055	-	-	-	-	-	-	-
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	24,938	1,000	4,795	-
Debt Service	-	-	-	-	-	-	-	-
Education	-	86,304	107,946	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<u>Total Expenditures</u>	<u>448,055</u>	<u>86,304</u>	<u>107,946</u>	<u>-</u>	<u>24,938</u>	<u>1,000</u>	<u>4,795</u>	<u>-</u>
<u>Excess of Revenues Over (Under)</u> <u>Expenditures</u>	<u>(85,926)</u>	<u>(14,591)</u>	<u>-</u>	<u>52,167</u>	<u>9,514</u>	<u>(609)</u>	<u>8,814</u>	<u>63,359</u>
<u>Other Financing Sources (Uses):</u>								
Operating Transfers In	-	20,000	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	(8,880)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,880)</u>
<u>Excess of Revenues and Other</u> <u>Sources Over (Under) Expenditures</u> <u>and Other Uses</u>	<u>(85,926)</u>	<u>5,409</u>	<u>-</u>	<u>52,167</u>	<u>9,514</u>	<u>(609)</u>	<u>8,814</u>	<u>54,479</u>
<u>Fund Balances Beginning of Year</u>	<u>351,334</u>	<u>28,052</u>	<u>-</u>	<u>-</u>	<u>18,397</u>	<u>50,987</u>	<u>46,690</u>	<u>463,670</u>
<u>Fund Balances End of Year</u>	<u>\$ 265,408</u>	<u>\$ 33,461</u>	<u>\$ -</u>	<u>\$ 52,167</u>	<u>\$ 27,911</u>	<u>\$ 50,378</u>	<u>\$ 55,504</u>	<u>\$ 518,149</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, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,277
Contributions	-	-	-	-	-	-	-	13,092
Investment Income	1,259	170	237	51	612	754	356	68,606
Other Income	21,725	2,511	-	1,717	-	-	-	111,784
Sales	-	-	-	-	-	-	-	3,899
<u>Total Revenues</u>	<u>22,984</u>	<u>8,181</u>	<u>237</u>	<u>1,768</u>	<u>612</u>	<u>754</u>	<u>356</u>	<u>740,658</u>
<u>Expenditures:</u>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	11,414	-	-	-	11,414
Public Works	-	-	-	-	27,101	-	-	475,156
Health Department	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Miscellaneous	2,634	6,084	6,315	-	-	-	11,270	57,036
Debt Service	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	194,250
Capital Outlay	22,216	-	-	-	-	-	-	22,216
<u>Total Expenditures</u>	<u>24,850</u>	<u>6,084</u>	<u>6,315</u>	<u>11,414</u>	<u>27,101</u>	<u>-</u>	<u>11,270</u>	<u>760,072</u>
<u>Excess of Revenues Over (Under)</u>								
<u>Expenditures</u>	(1,866)	2,097	(6,078)	(9,646)	(26,489)	754	(10,914)	(19,414)
<u>Other Financing Sources (Uses):</u>								
Operating Transfers In	7,000	1,000	20,000	2,500	25,000	10,000	15,000	100,500
Operating Transfers Out	-	-	-	-	-	-	-	(8,880)
<u>Total Other Financing Sources (Uses)</u>	<u>7,000</u>	<u>1,000</u>	<u>20,000</u>	<u>2,500</u>	<u>25,000</u>	<u>10,000</u>	<u>15,000</u>	<u>91,620</u>
<u>Excess of Revenues and Other</u>								
<u>Sources Over (Under) Expenditures</u>								
<u>and Other Uses</u>	5,134	3,097	13,922	(7,146)	(1,489)	10,754	4,086	72,206
<u>Fund Balances Beginning 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>
<u>Fund Balances End of Year</u>	<u>\$ 89,980</u>	<u>\$ 13,223</u>	<u>\$ 14,604</u>	<u>\$ 1,237</u>	<u>\$ 45,641</u>	<u>\$ 58,579</u>	<u>\$ 22,003</u>	<u>\$ 1,248,245</u>

TOWN OF SHARON
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2023

Total tax collection including interest and lien fees
for prior fiscal year \$10,979,261

Reimbursement for revenue loss on
Tax relief for elderly for prior fiscal year 2,059

Base \$10,981,320

	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$24,707,970	\$ -	\$ -	\$ -
4-1/2 times base	-	49,415,940	-	-
3-3/4 times base	-	-	41,179,950	-
3-1/4 times base	-	-	-	35,689,290
Total debt limitation	<u>24,707,970</u>	<u>49,415,940</u>	<u>41,179,950</u>	<u>35,689,290</u>

Indebtedness:				
Bonds payable	3,525,725	-	-	-
Notes Payable	-	-	-	-
Regional School District #1 town share	-	-	-	-
balance as of prior fiscal year	-	426,699	-	-
Sewer Bonds & Notes	-	-	58,202	-
Total indebtedness	<u>3,525,725</u>	<u>426,699</u>	<u>58,202</u>	<u>-</u>

Debt limitation in excess of
outstanding and authorized debt \$21,182,245 \$48,989,241 \$41,121,748 \$35,689,290

Total capacity of borrowing (7 times base) \$76,869,240

Total present indebtedness 4,010,626

Margin for additional borrowing \$72,858,614

TOWN OF SHARON
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Grand List Year	Balances 6/30/2022	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Transfers To Suspense	Balances 6/30/2023
			Additions	Deductions		Taxes	Interest	Liens	Total		
2021	\$ -	\$11,123,199	\$ 11,228	\$ 10,109	\$11,124,318	\$ 10,942,944	\$ 51,916	\$ -	10,994,860	\$ 55	\$ 181,319
2020	172,727	-	167	542	172,352	102,216	18,176	1,416	121,808	-	70,136
2019	73,801	-			73,801	20,443	7,103	264	27,810	-	53,358
2018	50,210	-			50,210	6,701	3,640	120	10,461	-	43,509
2017	44,083	-	-	-	44,083	1,164	803	24	1,991	-	42,919
2016	32,279	-	-	-	32,279	1,003	407	48	1,458	-	31,276
2015	32,927	-	-	-	32,927	1,290	592	48	1,930	-	31,637
2014	22,592	-	-	-	22,592	199	244	24	467	-	22,393
2013	22,249	-	-	-	22,249	44	58	24	126	-	22,205
2012	22,968	-	-	-	22,968	41	138	48	227	-	22,927
2011	29,346	-	-	-	29,346	717	1,189	24	1,930	-	28,629
2010	24,692	-	-	-	24,692	40	74	24	138	-	24,652
2009	19,288	-	-	-	19,288	42	985	48	1,075	-	19,246
2008	13,337	-	-	-	13,337	2,020	243	48	2,311	-	11,317
2007	9,936	-	-	-	9,936	1,500	3,470		4,970	-	8,436
2006	7,626	-	-	-	7,626				-	7,626	-
Totals	\$ 578,061	\$11,123,199	\$ 11,395	\$ 10,651	\$11,702,004	\$ 11,080,364	\$ 89,038	\$ 2,160	\$11,171,562	\$ 7,681	\$ 613,959

TOWN OF SHARON
SCHEDULE OF DEBT
Year Ended June 30, 2023

	General Fund		Enterprise Fund		Totals
	2016 General Obligation Bonds	2021 USDA General Obligation Bond	2005 Drinking Water Fund	2010 Sewer Loan	
Long Term Debt Payable July 1, 2022	\$ 2,545,000	\$ 1,536,553	\$ 40,186	\$ 75,305	\$ 4,197,044
Issuances of New Debt	-		-	-	-
Payments During Year	<u>(525,000)</u>	<u>(30,828)</u>	<u>(26,630)</u>	<u>(30,659)</u>	<u>(613,117)</u>
Long Term Debt Payable June 30, 2023	<u>\$ 2,020,000</u>	<u>\$ 1,505,725</u>	<u>\$ 13,556</u>	<u>\$ 44,646</u>	<u>\$ 3,583,927</u>
Maturities by Fiscal Years Ending June 30:					
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	32,399	-	-	527,399
2028	-	32,804	-	-	32,804
Thereafter	-	1,345,706	-	-	1,345,706
	<u>\$ 2,020,000</u>	<u>\$ 1,505,725</u>	<u>\$ 13,556</u>	<u>\$ 44,646</u>	<u>\$ 3,583,927</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, 2023, 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 19, 2023.

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 19, 2023



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, 2023. 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, 2023.

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, 2023, and have issued our report thereon dated December 19, 2023, 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 19, 2023
Canaan, Connecticut

TOWN OF SHARON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

<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	\$ -	\$ 52
Property tax relief for Veterans	11000-OPM20600-17024	-	1,814
Tiered PILOT	11000-OPM20600-17111	-	10,990
MRSA- Tiered PILOT	11000-OPM20600-35691	-	2,970
Municipal Revenue Sharing	11000-OPM20600-35458	-	20,363
Local capital improvement program (LOCIP)	12050-OPM20600-40254	-	29,559
		<u>-</u>	<u>65,748</u>
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	-	300
<u>Department of Transportation:</u>			
Town aid road grants transportation fund	12052-DOT57131-43455	-	181,009
Town aid road grants transportation fund - STO	13033-DOT57131-43459	-	181,009
		<u>-</u>	<u>362,018</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	-	7,471
<u>Department of Education:</u>			
Child Nutrition Program	11000-SDE64370-16211	-	468
School Breakfast	11000-SDE64370-17046	-	2,662
Healthy Foods Initiative	11000-SDE64370-16212	-	890
Talent Development	11000-SDE64370-12552	-	621
		<u>-</u>	<u>4,641</u>
<u>Total State Financial Assistance Before Exempt Programs</u>		<u>-</u>	<u>445,678</u>
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	18,677
<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>20,678</u>
<u>Total State Financial Assistance</u>		<u>\$ -</u>	<u>\$ 466,356</u>

See notes to schedule

TOWN OF SHARON
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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, 2023

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	_____ No	
Significant deficiency(s) identified	_____ Yes	_____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ No	

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ No	
Significant deficiency(s) identified	_____ Yes	_____ No	

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	_____ 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	\$ 181,009
Town aid road grants transportation fund - STO	13033-DOT57131-43459	181,009
Local capital improvement program (LOCIP)	12050-OPM20600-40254	29,559

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

II - FINANCIAL STATEMENTS FINDINGS

- We issued reports, dated December 19, 2023 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.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies or material weaknesses.

III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported relating to State Financial Assistance Programs.