

TOWN OF SHARON, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2022
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF SHARON, VERMONT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Sharon, Vermont

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sharon, Vermont (the Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, Vermont as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway Funds 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 (GAAS). 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, Vermont, 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 the 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'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.

Auditor's Responsibilities 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 GAAS 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 GAAS, 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'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'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 were 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 and schedules 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1 and 2 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 accompanying schedules 1 and 2 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Montpelier, Vermont
December 6, 2022

Melzyth Jennett 9
Shosh-Nisa, P.L.

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

This discussion and analysis is intended to serve as an introduction of the Town of Sharon's (the Town) basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Statements:

The accompanying financial statements for the year ended June 30, 2022, include two separate presentations of financial statements. Government-wide financial statements (the Statement of Net Position and the Statement of Activities) present the financial picture of the Town from the "economic resources" measurement focus using the accrual basis of accounting. The Statement of Net Position includes the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or 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 focuses on the programs of the Town and presents information showing how the Town's net position changed during the year.

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

Fund financial statements include statements that present activities by fund. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds primarily focus on near-term inflows and outflows of spendable resources and their balance at the end of the fiscal year. The Town reports six major governmental funds: General Fund, Highway Fund, ARPA Grant Fund, Capital Reserve Fund, Town Equipment Fund and Chester Downer Trust Fund. The Town's eleven remaining governmental funds (Sharon Conservation Committee Fund, Honor Roll Fund, James Judson Memorial Fund, Steenken Lease Land Fund, Recreation Fund, Legal Reserve Fund, Reappraisal Fund, Records Preservation Fund, Solar Decommissioning Fund, Baxter Memorial Library Fund and Other Grants Fund) are consolidated and reported as Other Governmental Funds in the fund financial statements.

The proprietary fund of the Town is an enterprise fund; it reports the same functions presented as business-type activities in the government-wide financial statements. The Town uses the Old School House Fund as an enterprise fund to account for the resources and operation of the old school rental.

Fiduciary funds are used to account for resources held for the benefit of other parties. Fiduciary activity is 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 Town's fiduciary funds are the Trustees of Public Funds Fund and Ashley Community Forest Fund.

Government-wide Financial Analysis:

The Statement of Net Position shows total assets of the Town as of June 30, 2022, are \$8,417,183; total assets as of June 30, 2021, were \$7,927,138. Of these totals, \$2,026,101 and \$1,786,473 represent current assets. Noncurrent assets are the net capital assets including construction in progress, land, art, buildings and improvements, equipment and furniture, vehicles and infrastructure. Noncurrent assets of the Town totaled \$6,391,082 and \$6,140,665 as of June 30, 2022 and June 30, 2021, respectively.

The deferred outflows of resources at June 30, 2022, are \$79,110, compared to the prior year balance of \$105,331.

The liabilities of the Town at June 30, 2022 totaled \$1,582,913 and included \$1,348,113 in long-term debt, \$42,314 in payables, \$17,892 in accrued expenses, \$41,145 in accrued compensated absences, and \$133,449 in net pension liability. Liabilities as of June 30, 2021, totaled \$1,601,755 and included \$1,281,000 in long-term debt, \$35,887 in payables, \$16,683 in accrued expenses, \$41,735 in accrued compensated absences, and \$226,450 in net pension liability.

The deferred inflows of resources at June 30, 2022, of \$303,824 include \$6,457 in taxes collected in advance, \$208,926 in deferred grant revenue and \$88,441 of deferred pension credits. Deferred inflows of resources at June 30, 2021, of \$29,498 include \$6,093 in taxes collected in advance, \$7,867 in deferred grant revenue and \$15,538 of deferred pension credits.

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 1,973,230	\$ 1,743,757	\$ 52,871	\$ 42,716	\$ 2,026,101	\$ 1,786,473
Capital assets	<u>6,234,423</u>	<u>6,002,696</u>	<u>156,659</u>	<u>137,969</u>	<u>6,391,082</u>	<u>6,140,665</u>
Total assets	<u>8,207,653</u>	<u>7,746,453</u>	<u>209,530</u>	<u>180,685</u>	<u>8,417,183</u>	<u>7,927,138</u>
Deferred outflows of resources	<u>79,110</u>	<u>105,331</u>	<u>-</u>	<u>-</u>	<u>79,110</u>	<u>105,331</u>
Current liabilities	<u>278,514</u>	<u>243,923</u>	<u>3,692</u>	<u>647</u>	<u>282,206</u>	<u>244,570</u>
Long-term liabilities	<u>1,300,707</u>	<u>1,357,185</u>	<u>-</u>	<u>-</u>	<u>1,300,707</u>	<u>1,357,185</u>
Total liabilities	<u>1,579,221</u>	<u>1,601,108</u>	<u>3,692</u>	<u>647</u>	<u>1,582,913</u>	<u>1,601,755</u>
Deferred inflows of resources	<u>303,824</u>	<u>29,498</u>	<u>-</u>	<u>-</u>	<u>303,824</u>	<u>29,498</u>
Net investment in capital assets	4,886,310	4,721,696	156,659	137,969	5,042,969	4,859,665
Restricted	1,139,243	1,119,643	-	-	1,139,243	1,119,643
Unrestricted	378,165	379,839	49,179	42,069	427,344	421,908
Total net position	\$ <u>6,403,718</u>	\$ <u>6,221,178</u>	\$ <u>205,838</u>	\$ <u>180,038</u>	\$ <u>6,609,556</u>	\$ <u>6,401,216</u>

Capital Assets:

The Town's governmental activities had \$6,234,423 and \$6,002,696 invested in capital assets, net of depreciation, on June 30, 2022 and June 30, 2021, respectively. Governmental capital assets increased in FY 2022 by \$231,727, with capital asset additions of \$613,544, dispositions net of accumulated depreciation of \$82,710, and depreciation of \$299,107.

The Town's business-type activities (Old School House Fund) had \$156,659 and \$137,969 invested in capital assets, net of depreciation, on June 30, 2022 and June 30, 2021, respectively. Business-type assets increased in FY 2022 by \$18,690, with capital asset additions of \$27,972, and depreciation of \$9,282.

Table 2
Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 442,810	\$ 243,262	\$ -	\$ -	\$ 442,810	\$ 243,262
Art	3,700	3,700	-	-	3,700	3,700
Construction in progress	3,460	-	-	-	3,460	-
Buildings and improvements	348,585	358,731	156,659	137,969	505,244	496,700
Equipment and furniture	25,110	26,323	-	-	25,110	26,323
Vehicles	951,544	781,304	-	-	951,544	781,304
Infrastructure	<u>4,459,214</u>	<u>4,589,376</u>	<u>-</u>	<u>-</u>	<u>4,459,214</u>	<u>4,589,376</u>
Totals	\$ <u>6,234,423</u>	\$ <u>6,002,696</u>	\$ <u>156,659</u>	\$ <u>137,969</u>	\$ <u>6,391,082</u>	\$ <u>6,140,665</u>

Long-term obligations:

During FY 2018, the Town obtained a \$120,000 long-term note payable to finance the purchase of a 2018 highway truck. The balance of this note was \$24,000 at June 30, 2022; \$24,000 of which is due by June 20, 2023 and is considered a current liability.

During FY 2019, the Town obtained a \$90,000 long-term note payable to finance the purchase of a backhoe. The balance of this note was \$27,000 at June 30, 2022; \$18,000 of which is due by June 20, 2023 and is considered a current liability.

During FY 2020, the Town obtained a \$80,000 long-term note payable to finance the purchase of a 2020 highway truck. The balance of this note was \$48,000 at June 30, 2022; \$16,000 of which is due by June 20, 2023 and is considered a current liability.

During FY 2020, the Town obtained a \$1,100,000 general obligation note to finance highway infrastructure repairs. The balance of this note was \$990,000 at June 30, 2022; \$110,000 of which is due by June 20, 2023 and is considered a current liability.

During FY 2022, the Town obtained a \$120,000 long-term note payable to finance the purchase of a 2022 highway truck. The balance of this note was \$109,113 at June 30, 2022; \$24,000 of which is due by June 20, 2023 and is considered a current liability.

During FY 2022, the Town obtained a \$150,000 long-term note payable to finance the purchase of a 2023 highway truck. The balance of this note was \$150,000 at June 30, 2022; \$30,000 of which is due by June 20, 2023 and is considered a current liability.

A long-term obligation of \$41,145 is reported as the Town's liability for compensated absences which employees have earned but not used. These vested benefits will be paid at some time in the future, either as they are used or upon termination of employment.

The Town's proportionate share of net pension liability for the VMERS of \$133,449 was calculated by the State of Vermont and has been included with other long-term obligations.

Operating activities:

The Statement of Activities reports total operating expenses for FY 2022 of \$1,817,051; total expenses for FY 2021 were \$2,236,162. These accrual basis totals include all fund expenditures plus depreciation of capital assets but exclude capital asset purchases. Certain revenues (labeled Program Revenues) offset expenses as they relate to specific programs, such as state and federal grants or fees charged for specific services.

**Table 3
Statement of Activities**

	2022			2021		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
REVENUES						
Program revenues:						
Grants and contributions	\$ 458,312	\$ 25,175	\$ 483,487	\$ 211,497	\$ 81,750	\$ 293,247
Charges for services	66,117	28,574	94,691	71,604	26,988	98,592
Other	6,807	-	6,807	2,411	-	2,411
General revenues:						
Property taxes	1,451,108	-	1,451,108	1,438,528	-	1,438,528
Insurance reimbursements	1,037	-	1,037	1,473	-	1,473
Interest income	(11,749)	10	(11,739)	19,267	11	19,278
Total revenues	<u>1,971,632</u>	<u>53,759</u>	<u>2,025,391</u>	<u>1,744,780</u>	<u>108,749</u>	<u>1,853,529</u>
PROGRAM EXPENSES						
General government	410,575	-	410,575	407,551	-	407,551
Highways and streets	1,050,243	-	1,050,243	1,514,644	-	1,514,644
Public safety	219,717	-	219,717	195,940	-	195,940
Culture and recreation	63,252	-	63,252	52,466	-	52,466
Solid waste	26,397	-	26,397	27,547	-	27,547
Debt service - interest	18,908	-	18,908	6,114	-	6,114
Old School House	-	27,959	27,959	-	31,900	31,900
Total program expenses	<u>1,789,092</u>	<u>27,959</u>	<u>1,817,051</u>	<u>2,204,262</u>	<u>31,900</u>	<u>2,236,162</u>
Change in Net Position	182,540	25,800	208,340	(459,482)	76,849	(382,633)
Net Position - July 1	<u>6,221,178</u>	<u>180,038</u>	<u>6,401,216</u>	<u>6,680,660</u>	<u>103,189</u>	<u>6,783,849</u>
Net Position - June 30	\$ <u>6,403,718</u>	\$ <u>205,838</u>	\$ <u>6,609,556</u>	\$ <u>6,221,178</u>	\$ <u>180,038</u>	\$ <u>6,401,216</u>

Governmental Funds:

At June 30, 2022, the Town's General Fund reported an ending fund balance of \$382,337, a decrease of \$29,217 from the balance of the previous year. At June 30, 2021, the Town's General Fund reported an ending fund balance of \$411,554, an increase of \$10,483 from the balance of the previous year.

Year-end assets of the General Fund were \$1,554,106 and \$1,300,595 for FY 2022 and FY 2021, respectively; liabilities were \$993,553 and \$745,921 at June 30, 2022 and June 30, 2021, respectively. Deferred inflows of resources of the General Fund were \$178,216 and \$143,120 at June 30, 2022 and June 30, 2021, respectively.

Assets and liabilities of the major funds (General Fund, Highway Fund, ARPA Grant Fund, Capital Reserve Fund, Town Equipment Fund and Chester Downer Trust Fund) are reported on the Balance Sheet -

Governmental Funds; nonmajor funds, reported as Other Governmental Funds, are shown as individual funds in the supplemental schedules.

Revenues and expenditures of the governmental funds are presented in a similar manner with the General Fund and other major funds reported individually on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds while the other governmental funds are shown individually in the supplemental schedules with their combined total carried forward to the primary statement.

General Fund revenues of \$840,863 are primarily property taxes. The largest portion of General Fund expenditures is \$381,989 for providing services for general government administration. Other amounts were expended for public safety, culture and recreation services, and solid waste disposal.

Of the June 30, 2022, General Fund fund balance of \$382,337, \$360,898 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is nonspendable.

The budgetary detail of revenues and expenditures for the General Fund is presented in the Statement of Revenues and Expenditures - Budget and Actual - General Fund. General Fund expenditures and transfers exceeded revenues by \$29,217. The individual line items of budgeted revenues and expenditures are shown in the statement. Actual revenues were more than budgeted amounts by \$184,259. Actual expenditures were more than budgeted amounts by \$190,283.

Highway Fund revenues of \$988,958 are primarily property taxes. Highway Fund expenditures of \$723,286 provided highway and street maintenance. Other financing sources and uses consisted of proceeds from insurance reimbursements and transfers out totaling \$260,963.

The budgetary detail of revenues and expenditures for the Highway Fund is presented in the Statement of Revenues and Expenditures - Budget and Actual - Highway Fund. The individual line items of budgeted revenues and expenditures are shown in the statement. Actual revenues exceeded budgeted amounts by \$16,173. Actual expenditures were less than budgeted amounts by \$22,025.

Proprietary Fund:

Net position of the Old School House Fund at June 30, 2022 was \$205,838, an increase of \$25,800 from the prior year net position of \$180,038. The largest portion of the fund's net position, \$156,659, reflects its investment in capital assets. The remaining balance of \$49,179 is unrestricted.

Fund assets were \$209,530 at June 30, 2022 and \$180,685 at June 30, 2021. Liabilities of the fund were \$3,692 and \$647 at June 30, 2022 and 2021, respectively.

Fiduciary Fund:

The Town reports two fiduciary funds. Total net position of the Trustees of Public Funds Fund as of June 30, 2022, was \$42,224, a decrease of \$97 from the previous fiscal year. The Ashley Community Forest Fund reported total assets of \$10,000, and total liabilities of \$10,000, which represents 50% of the joint activity with the Town of Strafford.

Requests for Information:

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Town of Sharon, P.O. Box 250, Sharon, Vermont 05065.

TOWN OF SHARON, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 1,313,505	\$ 51,492	\$ 1,364,997
Investments	363,079	-	363,079
Property taxes receivable	253,468	-	253,468
Accounts receivable	13,745	-	13,745
Prepaid expenses	<u>29,433</u>	<u>1,379</u>	<u>30,812</u>
Total current assets	<u>1,973,230</u>	<u>52,871</u>	<u>2,026,101</u>
Noncurrent assets -			
Capital assets	8,683,533	541,891	9,225,424
less - accumulated depreciation	<u>(2,449,110)</u>	<u>(385,232)</u>	<u>(2,834,342)</u>
Total noncurrent assets	<u>6,234,423</u>	<u>156,659</u>	<u>6,391,082</u>
Total assets	<u>8,207,653</u>	<u>209,530</u>	<u>8,417,183</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense	<u>79,110</u>	<u>-</u>	<u>79,110</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	18,570	581	19,151
Accrued expenses	17,892	-	17,892
Decommission escrow	20,052	-	20,052
Deposit payable	-	600	600
Advanced rental income	-	2,511	2,511
Current portion of long-term debt	<u>222,000</u>	<u>-</u>	<u>222,000</u>
Total current liabilities	<u>278,514</u>	<u>3,692</u>	<u>282,206</u>
Noncurrent liabilities -			
Accrued compensated absences	41,145	-	41,145
Long-term debt	1,126,113	-	1,126,113
Net pension liability	<u>133,449</u>	<u>-</u>	<u>133,449</u>
Total noncurrent liabilities	<u>1,300,707</u>	<u>-</u>	<u>1,300,707</u>
Total liabilities	<u>1,579,221</u>	<u>3,692</u>	<u>1,582,913</u>
DEFERRED INFLOWS OF RESOURCES:			
Taxes collected in advance	6,457	-	6,457
Deferred grant revenue	208,926	-	208,926
Deferred pension credits	<u>88,441</u>	<u>-</u>	<u>88,441</u>
Total deferred inflows of resources	<u>303,824</u>	<u>-</u>	<u>303,824</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022
(Page 2 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
NET POSITION:			
Net investment in capital assets	4,886,310	156,659	5,042,969
Restricted	1,139,243	-	1,139,243
Unrestricted	<u>378,165</u>	<u>49,179</u>	<u>427,344</u>
Total net position	\$ <u><u>6,403,718</u></u>	\$ <u><u>205,838</u></u>	\$ <u><u>6,609,556</u></u>

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS:	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		<u>Grants and Contributions</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities -							
General government	\$ 410,575	\$ 34,956	\$ 35,051	\$ 389	\$ (340,179)	\$ -	\$ (340,179)
Highways and streets	1,050,243	200,707	390	6,357	(842,789)	-	(842,789)
Public safety	219,717	-	16,445	-	(203,272)	-	(203,272)
Culture and recreation	63,252	222,649	3,945	61	163,403	-	163,403
Solid waste	26,397	-	10,286	-	(16,111)	-	(16,111)
Debt service - Interest	18,908	-	-	-	(18,908)	-	(18,908)
Total governmental activities	<u>1,789,092</u>	<u>458,312</u>	<u>66,117</u>	<u>6,807</u>	<u>(1,257,856)</u>	<u>-</u>	<u>(1,257,856)</u>
Business-type activities -							
Old School House	<u>27,959</u>	<u>25,175</u>	<u>28,574</u>	<u>-</u>	<u>-</u>	<u>25,790</u>	<u>25,790</u>
	<u>\$ 1,817,051</u>	<u>\$ 483,487</u>	<u>\$ 94,691</u>	<u>\$ 6,807</u>	<u>(1,257,856)</u>	<u>25,790</u>	<u>(1,232,066)</u>
GENERAL REVENUES - PROPERTY TAXES					1,451,108	-	1,451,108
- INSURANCE REIMBURSEMENTS					1,037	-	1,037
- INVESTMENT EARNINGS					<u>(11,749)</u>	<u>10</u>	<u>(11,739)</u>
					<u>1,440,396</u>	<u>10</u>	<u>1,440,406</u>
CHANGE IN NET POSITION					182,540	25,800	208,340
NET POSITION, July 1, 2021					<u>6,221,178</u>	<u>180,038</u>	<u>6,401,216</u>
NET POSITION, June 30, 2022					<u>\$ 6,403,718</u>	<u>\$ 205,838</u>	<u>\$ 6,609,556</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
(Page 1 of 3)

	<u>General</u>	<u>Highway</u>	<u>ARPA</u>	<u>Capital</u>	<u>Town</u>	<u>Chester</u>	<u>Other</u>	<u>Totals</u>
	<u>Fund</u>	<u>Fund</u>	<u>Grant</u>	<u>Reserve</u>	<u>Equipment</u>	<u>Downer</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Trust</u>	<u>Funds</u>	<u>Funds</u>
ASSETS								
Cash and cash equivalents	\$ 1,266,194	\$ -	\$ -	\$ -	\$ -	\$ 15,161	\$ 32,150	\$ 1,313,505
Investments	-	-	-	-	-	237,468	125,611	363,079
Property taxes receivable	252,793	675	-	-	-	-	-	253,468
Accounts receivable	13,680	-	-	-	-	-	65	13,745
Due from other funds	-	245,862	206,773	311,702	90,253	-	127,925	982,515
Prepaid expenditures	<u>21,439</u>	<u>7,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,433</u>
Total assets	\$ <u>1,554,106</u>	\$ <u>254,531</u>	\$ <u>206,773</u>	\$ <u>311,702</u>	\$ <u>90,253</u>	\$ <u>252,629</u>	\$ <u>285,751</u>	\$ <u>2,955,745</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY								
LIABILITIES:								
Accounts payable	\$ 2,045	\$ 7,100	\$ -	\$ 2,149	\$ 1,275	\$ -	\$ 6,001	\$ 18,570
Accrued expenditures	8,993	7,840	-	-	-	-	1,059	17,892
Decommission escrow	-	-	-	-	-	-	20,052	20,052
Due to other funds	<u>982,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>982,515</u>
Total liabilities	<u>993,553</u>	<u>14,940</u>	<u>-</u>	<u>2,149</u>	<u>1,275</u>	<u>-</u>	<u>27,112</u>	<u>1,039,029</u>
DEFERRED INFLOWS OF RESOURCES:								
Deferred property taxes	171,759	-	-	-	-	-	-	171,759
Deferred grant revenue	-	-	206,773	-	-	-	2,153	208,926
Taxes collected in advance	<u>6,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,457</u>
Total deferred inflows of resources	<u>178,216</u>	<u>-</u>	<u>206,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,153</u>	<u>387,142</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
(Page 2 of 3)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>ARPA Grant Fund</u>	<u>Capital Reserve Fund</u>	<u>Town Equipment Fund</u>	<u>Chester Downer Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
FUND EQUITY:								
Fund balances -								
Nonspendable	21,439	7,994	-	-	-	236,594	3,250	269,277
Restricted	-	-	-	-	-	16,035	253,236	269,271
Committed	-	231,597	-	309,553	88,978	-	-	630,128
Unassigned	<u>360,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,898</u>
Total fund balances	<u>382,337</u>	<u>239,591</u>	<u>-</u>	<u>309,553</u>	<u>88,978</u>	<u>252,629</u>	<u>256,486</u>	<u>1,529,574</u>
 Total liabilities, deferred inflows of resources and fund equity	 \$ <u>1,554,106</u>	 \$ <u>254,531</u>	 \$ <u>206,773</u>	 \$ <u>311,702</u>	 \$ <u>90,253</u>	 \$ <u>252,629</u>	 \$ <u>285,751</u>	 \$ <u>2,955,745</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
(Page 3 of 3)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:**

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 1,529,574
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	8,683,533
Accumulated depreciation	(2,449,110)
Liabilities not due and payable are not reported in governmental funds.	
Compensated absences	(41,145)
Long-term debt	(1,348,113)
Deferred property taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
	171,759
Balances related to net pension asset or liability and related deferred outflows/inflows of resources are not reported in the governmental funds.	
Deferred pension expense	79,110
Deferred pension credits	(88,441)
Net pension liability	<u>(133,449)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u>6,403,718</u>

The notes to financial statements are an integral part of this statement.

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

(Page 1 of 3)

	General Fund	Highway Fund	ARPA Grant Fund	Capital Reserve Fund	Town Equipment Fund	Chester Downer Trust Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:								
Property taxes	\$ 573,406	\$ 842,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,416,376
Fees, licenses, permits	61,782	390	-	-	-	-	-	62,172
Intergovernmental - State	5,442	114,584	-	61,466	-	-	22,064	203,556
- Federal	-	-	21,905	-	-	-	-	21,905
Contributions	199,548	24,657	-	-	-	-	8,646	232,851
Investment income	302	-	-	-	-	3,523	(15,574)	(11,749)
Charges for services	-	-	-	-	-	-	3,945	3,945
Other income	383	6,357	-	-	6	-	61	6,807
Total revenues	<u>840,863</u>	<u>988,958</u>	<u>21,905</u>	<u>61,466</u>	<u>6</u>	<u>3,523</u>	<u>19,142</u>	<u>1,935,863</u>
EXPENDITURES:								
Current - General government	381,989	-	18,445	-	-	-	-	400,434
- Highways and streets	-	723,286	-	113,678	-	-	-	836,964
- Public safety	190,813	-	-	19,974	-	-	-	210,787
- Culture and recreation	3,993	-	-	-	-	1,528	57,731	63,252
- Solid waste	26,397	-	-	-	-	-	-	26,397
Capital outlay	202,243	-	3,460	-	252,841	-	-	458,544
Debt service - Principal	-	-	-	110,000	92,887	-	-	202,887
- Interest	-	-	-	13,560	5,348	-	-	18,908
Total expenditures	<u>805,435</u>	<u>723,286</u>	<u>21,905</u>	<u>257,212</u>	<u>351,076</u>	<u>1,528</u>	<u>57,731</u>	<u>2,218,173</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>35,428</u>	<u>265,672</u>	<u>-</u>	<u>(195,746)</u>	<u>(351,070)</u>	<u>1,995</u>	<u>(38,589)</u>	<u>(282,310)</u>

The notes to financial statements are an integral part of this statement.

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

(Page 2 of 3)

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Fund</u>	<u>ARPA</u> <u>Grant</u> <u>Fund</u>	<u>Capital</u> <u>Reserve</u> <u>Fund</u>	<u>Town</u> <u>Equipment</u> <u>Fund</u>	<u>Chester</u> <u>Downer</u> <u>Trust</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
OTHER FINANCING SOURCES (USES):								
Loan proceeds	-	-	-	-	270,000	-	-	270,000
Insurance proceeds	-	1,037	-	-	-	-	-	1,037
Operating transfers in (out), net	<u>(64,645)</u>	<u>(262,000)</u>	<u>-</u>	<u>177,000</u>	<u>125,000</u>	<u>-</u>	<u>24,645</u>	<u>-</u>
Total other financing sources (uses)	<u>(64,645)</u>	<u>(260,963)</u>	<u>-</u>	<u>177,000</u>	<u>395,000</u>	<u>-</u>	<u>24,645</u>	<u>271,037</u>
NET CHANGE IN FUND BALANCES	(29,217)	4,709	-	(18,746)	43,930	1,995	(13,944)	(11,273)
FUND BALANCES, July 1, 2021	<u>411,554</u>	<u>234,882</u>	<u>-</u>	<u>328,299</u>	<u>45,048</u>	<u>250,634</u>	<u>270,430</u>	<u>1,540,847</u>
FUND BALANCES, June 30, 2022	\$ <u>382,337</u>	\$ <u>239,591</u>	\$ <u>-</u>	\$ <u>309,553</u>	\$ <u>88,978</u>	\$ <u>252,629</u>	\$ <u>256,486</u>	\$ <u>1,529,574</u>

The notes to financial statements are an integral part of this statement.

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

(Page 3 of 3)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

Net change in fund balance - total governmental funds	\$ (11,273)
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because -	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets, net of dispositions	530,834
Depreciation	(299,107)
Property tax revenue in governmental funds includes deferred property taxes of the prior year but excludes deferred property taxes of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year - Deferred property taxes	(137,027)
Current year - Deferred property taxes	171,759
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.	
Proceeds from long-term debt	(270,000)
Debt service - Principal	202,887
Changes in accrued compensated absences accumulated by employees will increase or decrease the liability reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
Increase in compensated absences	590
Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
Net (increase) decrease in net pension obligation	<u>(6,123)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>182,540</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

(Page 1 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
REVENUES:			
Tax revenues -			
Property taxes	\$ 428,299	\$ 395,609	\$ (32,690)
Current land use payments	96,000	105,936	9,936
State pilot/land taxes	34,000	32,544	(1,456)
Interest on delinquent taxes	18,000	26,014	8,014
Interest on late taxes	3,200	3,365	165
Penalty on delinquent taxes	<u>10,600</u>	<u>9,938</u>	<u>(662)</u>
Total tax revenues	<u>590,099</u>	<u>573,406</u>	<u>(16,693)</u>
Fees revenue -			
Alcohol and tobacco licenses	325	185	(140)
Recording and land records	14,520	16,188	1,668
Vault fees	450	545	95
Certified copies	300	500	200
Dog license fees	700	2,409	1,709
DMV registration fees	50	72	22
Marriage license fees	260	460	200
Land record preservation fees	5,280	5,842	562
Land use change assessment fee	1,200	4,651	3,451
Green Mountain Pass fee	20	6	(14)
Ordinance fees	100	-	(100)
GUVSW coupon sales	6,500	6,980	480
GUVSW sticker sales	3,400	3,306	(94)
Planning Commission subdivision fees	500	1,307	807
Copy machine and other fees	800	304	(496)
Land record copy fees	<u>600</u>	<u>1,473</u>	<u>873</u>
Total fees revenue	<u>35,005</u>	<u>44,228</u>	<u>9,223</u>
Other revenues -			
Grant revenue	7,500	1,430	(6,070)
Fines, law enforcement	17,000	16,445	(555)
Green Up Day	-	111	111
Net metering credit	1,000	1,109	109
Investment income	2,000	302	(1,698)
Railroad	4,000	4,012	12
Capital contribution land donation	-	199,548	199,548
Other income	<u>-</u>	<u>272</u>	<u>272</u>
Total other income	<u>31,500</u>	<u>223,229</u>	<u>191,729</u>
Total revenues	<u>656,604</u>	<u>840,863</u>	<u>184,259</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

(Page 2 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES:			
Selectboard -			
Selectboard stipend	4,500	4,500	-
Administrative Assistant salary	35,935	53,028	17,093
Finance department wages	40,303	52,870	12,567
FICA	6,309	8,181	1,872
Health insurance	31,690	15,154	(16,536)
Retirement	4,550	6,459	1,909
Dental insurance	2,000	1,626	(374)
Disability insurance	679	786	107
Postage and supplies	3,300	3,810	510
Notices and advertisements	225	1,438	1,213
Meetings and seminars	400	641	241
Payroll services	2,700	2,734	34
Consulting services	10,000	8,788	(1,212)
General legal services	7,000	2,400	(4,600)
Health officer	800	455	(345)
Travel	350	-	(350)
Grant	10,000	2,050	(7,950)
Total Selectboard	<u>160,741</u>	<u>164,920</u>	<u>4,179</u>
Membership Dues -			
Two Rivers Ottauquechee	2,298	2,298	-
Green Mountain Economic Development Corp.	500	1,500	1,000
Vermont League of Cities and Towns	2,938	2,938	-
Vermont Council on Rural Development	250	250	-
Total membership dues	<u>5,986</u>	<u>6,986</u>	<u>1,000</u>
Town insurance -			
Liability	11,338	8,863	(2,475)
Buildings	11,549	9,078	(2,471)
Worker's comp. and unemployment	1,518	1,467	(51)
Total Town insurance	<u>24,405</u>	<u>19,408</u>	<u>(4,997)</u>
Buildings and grounds -			
Cleaning	1,734	1,388	(346)
Office maintenance supplies	4,000	2,442	(1,558)
Historical Town Hall repairs	1,000	-	(1,000)
Grounds maintenance	2,800	2,696	(104)
Maintenance supplies	250	120	(130)
Total buildings and grounds	<u>9,784</u>	<u>6,646</u>	<u>(3,138)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

(Page 3 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Town office -			
Office equipment maintenance	550	602	52
Telephone	3,550	3,339	(211)
Electricity	6,500	7,009	509
Heating fuel	2,600	3,186	586
Trash	450	121	(329)
Furniture, fixtures and computers	<u>5,000</u>	<u>5,913</u>	<u>913</u>
Total Town office	<u>18,650</u>	<u>20,170</u>	<u>1,520</u>
Elections -			
Ballot clerks	300	-	(300)
FICA expenses	23	-	(23)
Postage	75	706	631
Supplies	<u>500</u>	<u>1,092</u>	<u>592</u>
Total elections	<u>898</u>	<u>1,798</u>	<u>900</u>
Town Clerk -			
Town Clerk salary	43,642	43,919	277
Assistant Town Clerk salary	2,600	1,891	(709)
FICA	3,538	3,505	(33)
Health insurance	16,520	16,248	(272)
Retirement	2,673	2,777	104
Dental insurance	850	468	(382)
Disability insurance	206	375	169
Postage and supplies	375	610	235
Meetings and seminars	400	400	-
Marriage license state fees	-	600	600
Dog license expenses (supplies and postage)	200	1,091	891
Records preservation	4,000	6,197	2,197
Land records books	600	1,245	645
Online access	<u>1,200</u>	<u>510</u>	<u>(690)</u>
Total Town Clerk	<u>76,804</u>	<u>79,836</u>	<u>3,032</u>
Treasurer -			
Treasurer	3,000	3,034	34
Assistant treasurer	750	780	30
FICA	287	292	5
Advertising, postage and supplies	1,800	1,754	(46)
Meetings and seminars	<u>50</u>	<u>90</u>	<u>40</u>
Total Treasurer	<u>5,887</u>	<u>5,950</u>	<u>63</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

(Page 4 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Town Auditors -			
Town report prep wages	1,000	1,964	964
FICA	77	150	73
Postage and supplies	500	511	11
Professional audit services	13,000	10,200	(2,800)
Town Report printing	<u>1,800</u>	<u>2,251</u>	<u>451</u>
Total Town Auditors	<u>16,377</u>	<u>15,076</u>	<u>(1,301)</u>
 Listers -			
Listers	10,000	8,519	(1,481)
FICA	765	652	(113)
Postage and supplies	350	356	6
Advertising	250	-	(250)
Meetings, seminars and dues	400	78	(322)
CAMA licenses	<u>2,350</u>	<u>1,991</u>	<u>(359)</u>
Total Listers	<u>14,115</u>	<u>11,596</u>	<u>(2,519)</u>
 Tax Collector -			
Tax Collector	10,600	6,889	(3,711)
FICA	811	527	(284)
Supplies	50	-	(50)
Meetings and seminars	<u>60</u>	<u>-</u>	<u>(60)</u>
Total Tax Collector	<u>11,521</u>	<u>7,416</u>	<u>(4,105)</u>
 Energy Committee -			
Energy Committee	250	250	-
Vermont Green Up	300	146	(154)
Vital Communities Energy	100	100	-
Vermont Fire Protection Task Force	<u>100</u>	<u>100</u>	<u>-</u>
Total Energy Committee	<u>750</u>	<u>596</u>	<u>(154)</u>
 Conservation -			
Conservation operating	500	424	(76)
Intermunicipal Energy Coop	<u>6,195</u>	<u>5,576</u>	<u>(619)</u>
Total Conservation	<u>6,695</u>	<u>6,000</u>	<u>(695)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

(Page 5 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Planning Commission -			
Planning Commission Clerk wages	2,500	2,050	(450)
Flood hazard administrative wage	800	200	(600)
FICA	252	172	(80)
Postage	450	314	(136)
Supplies	-	-	-
Advertising and notices	200	652	452
Meetings	-	20	20
Legal	<u>2,200</u>	<u>707</u>	<u>(1,493)</u>
Total Planning Commission	<u>6,402</u>	<u>4,115</u>	<u>(2,287)</u>
Law enforcement -			
Constable	150	-	(150)
Purchased service for 911	250	-	(250)
Police	50,000	56,811	6,811
Animal control officer	300	258	(42)
Pound operation	<u>750</u>	<u>-</u>	<u>(750)</u>
Total law enforcement	<u>51,450</u>	<u>57,069</u>	<u>5,619</u>
Fire and Rescue -			
Fire department	51,850	51,850	-
South Royalton rescue	81,894	81,894	-
Hartford emergency services	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total fire and rescue	<u>134,744</u>	<u>133,744</u>	<u>(1,000)</u>
Cemeteries -			
Repairs and maintenance	2,750	395	(2,355)
Pine Hill Cemetery repairs and maintenance	5,750	5,750	-
Pine Hill Cemetery fuel usage	<u>250</u>	<u>-</u>	<u>(250)</u>
Total cemeteries	<u>8,750</u>	<u>6,145</u>	<u>(2,605)</u>
Community appropriations -			
Stagecoach	4,454	4,054	(400)
Windsor County Partners	250	250	-
Health Care and Rehab of Southeast Vermont	100	100	-
Visiting Nurse Association and Hospice	3,500	3,500	-
Clara Martin Mental Health	750	750	-
Safeline	700	700	-
White River Partnership	500	500	-

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

(Page 6 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Community appropriations (continued) -			
Vermont Association for the Blind	150	150	-
HIV/HCV Resource Center	300	300	-
Community Health Nurse	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total community appropriations	<u>13,704</u>	<u>13,304</u>	<u>(400)</u>
Greater Upper Valley Solid Waste (GUVSW) -			
GUVSW	16,522	16,522	-
GUVSW Coupons	6,500	6,435	(65)
GUVSW Stickers	<u>3,400</u>	<u>3,440</u>	<u>40</u>
Total GUVSW	<u>26,422</u>	<u>26,397</u>	<u>(25)</u>
Senior Citizen Support -			
Central Vermont Council on Aging	750	750	-
South Royalton Senior Center	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total senior citizen support	<u>3,250</u>	<u>3,250</u>	<u>-</u>
Old Home Day	<u>750</u>	<u>750</u>	<u>-</u>
Baxter Memorial Library -			
FICA	77	71	(6)
Cleaning	1,000	926	(74)
Electricity	750	667	(83)
Building repairs and maintenance	2,500	11	(2,489)
Heating fuel	<u>1,400</u>	<u>1,568</u>	<u>168</u>
Total Baxter Memorial Library	<u>5,727</u>	<u>3,243</u>	<u>(2,484)</u>
Other expenditures -			
County tax	11,340	11,141	(199)
Contributed capital asset acquisition	-	199,548	199,548
Miscellaneous	<u>-</u>	<u>331</u>	<u>331</u>
Total other expenditures	<u>11,340</u>	<u>211,020</u>	<u>199,680</u>
Total expenditures	<u>615,152</u>	<u>805,435</u>	<u>190,283</u>
EXCESS OF REVENUES OR (EXPENDITURES)	41,452	35,428	(6,024)
OTHER FINANCING SOURCES (USES):			
Operating transfers in (out), net	<u>(66,280)</u>	<u>(64,645)</u>	<u>1,635</u>
NET CHANGE IN FUND BALANCE	\$ <u>(24,828)</u>	\$ <u>(29,217)</u>	\$ <u>(4,389)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

(Page 1 of 2)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over (Under)
REVENUES:			
Property taxes	\$ 842,970	\$ 842,970	\$ -
State aid for highways	111,800	114,584	2,784
Road construction grants	17,000	24,657	7,657
Overweight permits	415	390	(25)
Other income	600	6,357	5,757
Total highway revenues	<u>972,785</u>	<u>988,958</u>	<u>16,173</u>
EXPENDITURES:			
Wages and wage related -			
Road crew salaries	177,061	184,319	7,258
Overtime	23,667	24,718	1,051
FICA	15,356	15,991	635
Health insurance	58,052	47,035	(11,017)
Dental insurance	3,308	3,122	(186)
Retirement	12,295	12,990	695
Disability insurance	1,557	1,487	(70)
Uniforms	3,000	2,906	(94)
Medical card	800	-	(800)
Workers' comp. insurance	18,870	18,609	(261)
Unemployment insurance	400	433	33
Total wages and wage related	<u>314,366</u>	<u>311,610</u>	<u>(2,756)</u>
Vehicle -			
Insurance (vehicles and liability)	14,321	11,898	(2,423)
Tires	10,500	8,524	(1,976)
Maintenance truck #1	7,000	3,148	(3,852)
Maintenance truck #2	-	90	90
Maintenance truck #4	4,000	2,357	(1,643)
Maintenance loader #5	3,000	4,992	1,992
Maintenance grader #6	6,500	12,421	5,921
Maintenance backhoe #7	2,250	967	(1,283)
Maintenance mower #8	2,750	1,555	(1,195)
Maintenance truck #10	7,000	5,393	(1,607)
Maintenance freightliner #11	6,500	5,173	(1,327)
Diesel, gas and oil	<u>50,000</u>	<u>74,995</u>	<u>24,995</u>
Total vehicle	<u>113,821</u>	<u>131,513</u>	<u>17,692</u>
Garage -			
Insurance (buildings and garage)	4,124	3,228	(896)
Telephone	1,100	2,012	912

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2022

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Garage (continued) -			
Electricity	1,800	1,692	(108)
Meetings and trainings	800	1,041	241
Shop expenses	6,500	6,499	(1)
Highway notices and advertisements	1,000	547	(453)
Garage building and site maintenance	9,200	5,774	(3,426)
Safety equipment	2,000	262	(1,738)
Tools and small equipment	<u>2,500</u>	<u>2,195</u>	<u>(305)</u>
Total garage	<u>29,024</u>	<u>23,250</u>	<u>(5,774)</u>
Grant and permit -			
Licenses and fees	<u>1,350</u>	<u>1,350</u>	<u>-</u>
Road maintenance -			
Culverts	10,000	11,817	1,817
Sand	70,000	65,022	(4,978)
Gravel	55,000	55,270	270
Grass seed	1,000	80	(920)
Signs	4,000	4,441	441
Guardrails	7,500	4,143	(3,357)
Chloride	17,750	16,558	(1,192)
Salt	54,000	37,284	(16,716)
Cold patch and blacktop	3,000	338	(2,662)
Crack sealing	12,000	10,541	(1,459)
Highway structures	18,000	20,378	2,378
Highway contractors	17,500	23,440	5,940
Grant expenditures	<u>17,000</u>	<u>6,251</u>	<u>(10,749)</u>
Total road maintenance	<u>286,750</u>	<u>255,563</u>	<u>(31,187)</u>
Total expenditures	<u>745,311</u>	<u>723,286</u>	<u>(22,025)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>227,474</u>	<u>265,672</u>	<u>38,198</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from insurance reimbursements	-	1,037	1,037
Transfers in (out)	<u>(262,000)</u>	<u>(262,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(262,000)</u>	<u>(260,963)</u>	<u>1,037</u>
NET CHANGE IN FUND BALANCE	\$ <u>(34,526)</u>	\$ <u>4,709</u>	\$ <u>39,235</u>

The notes to financial statements are an integral part of this statement.

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

	<u>Old School House Fund</u>
ASSETS:	
Current assets -	
Cash and cash equivalents	\$ 51,492
Prepaid expenses	<u>1,379</u>
Total current assets	<u>52,871</u>
Noncurrent assets -	
Capital assets	
Building	250,000
Building improvements	291,891
less - accumulated depreciation	<u>(385,232)</u>
Total noncurrent assets	<u>156,659</u>
Total assets	<u>209,530</u>
LIABILITIES:	
Current liabilities -	
Accounts payable	581
Deposits payable	600
Advanced rental income	<u>2,511</u>
Total current liabilities	<u>3,692</u>
NET POSITION:	
Invested in capital assets	156,659
Unrestricted	<u>49,179</u>
Total net position	<u>\$ 205,838</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Old School House Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>28,574</u>
OPERATING EXPENSES:	
Repairs and maintenance	8,297
Insurance	7,340
Management expense	662
School district debt service	2,378
Depreciation	<u>9,282</u>
Total operating expenses	<u>27,959</u>
Operating income (loss)	615
NONOPERATING REVENUES:	
Capital asset contribution	25,175
Investment income	<u>10</u>
Total nonoperating revenues	<u>25,185</u>
CHANGE IN NET POSITION	25,800
NET POSITION, July 1, 2021	<u>180,038</u>
NET POSITION, June 30, 2022	\$ <u>205,838</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Old School House Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 31,085
Cash payments for goods and services	<u>(17,231)</u>
Net cash provided (used) by operating activities	<u>13,854</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital asset contribution from Sharon Academy	25,175
Acquisition of capital assets, net	<u>(27,972)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,797)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>10</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,067
CASH AND CASH EQUIVALENTS, July 1, 2021	<u>40,425</u>
CASH AND CASH EQUIVALENTS, June 30, 2022	\$ <u><u>51,492</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 615
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	9,282
Change in the following assets/liabilities:	
Deferred revenue	2,511
Prepaid expenses	912
Accounts payable	<u>534</u>
Net cash provided (used) by operating activities	\$ <u><u>13,854</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2022

	<u>Trustees of Public Funds Fund</u>	<u>Ashley Community Forest Fund</u>
ASSETS:		
Cash and cash equivalents	\$ 926	\$ 10,000
Investments	<u>41,298</u>	<u>-</u>
Total assets	<u>42,224</u>	<u>10,000</u>
LIABILITIES:		
Forest advance	<u>-</u>	<u>10,000</u>
NET POSITION:		
Held in trust for specific purposes	\$ <u>42,224</u>	\$ <u>-</u>

The notes to financial statements are an integral part of this statement.

**TOWN OF SHARON, VERMONT
STATEMENT OF CHANGE IN NET POSITION -
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Trustees of Public Funds Fund	Ashley Community Forest Fund
ADDITIONS:		
Interest	\$ 103	\$ -
DEDUCTIONS:		
Expenses	200	-
CHANGE IN NET POSITION	(97)	-
NET POSITION, July 1, 2021	42,321	-
NET POSITION, June 30, 2022	\$ <u>42,224</u>	\$ <u>-</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies:

The Town of Sharon, Vermont (the Town) is a unit of local government organized under the statutes of the State of Vermont and is governed by a three person Selectboard (the Board). The Town provides various services as authorized and funded by State government or Town voters.

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. 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.

In the government-wide Statement of Net Position, the financial position of the Town is consolidated and incorporates capital assets as well as all long-term debt and obligations. The government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular 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. Nonmajor funds, if any, are summarized in a single column.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Highway Fund - The Highway Fund is used to account for the Highway department of the Town.

ARPA Grant Fund - The ARPA Grant Fund is used to account for revenues and expenditures of the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) program as part of the American Rescue Plan Act (ARPA).

Capital Reserve Fund - This fund accounts for the funds set aside for future capital purchases by the Town.

Town Equipment Fund - This fund accounts for the funds set aside for future large equipment purchases by the Town.

Chester Downer Trust Fund - This fund accounts for the endowment activity related to and in accordance with the Downer Will.

The Town reports the following major proprietary funds:

Old School House Fund - This fund accounts for the assets, income and expenses related to renting the Old School House.

The Town also reports fiduciary funds which are used to account for assets held in a trustee capacity (trust funds) or as a custodian (custodial funds) for the benefit of parties outside of the Town. The Town's fiduciary funds are the Trustees of Public Funds Fund and Ashley Community Forest Fund.

D. Measurement focus and basis of accounting - 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued):

D. Measurement focus and basis of accounting (continued) -

Property taxes are recorded as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned.

E. Budgets and budgetary accounting - The Town approves a budget for the General Fund and Highway Fund at an annual Town Meeting. The tax rate is determined by the Board based on the education and municipal grand lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General Fund and Highway Fund. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.

F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Board sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2022, were payable in two installments due September 15, 2021 and February 16, 2022.

G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

H. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through commercial insurance packages and participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.

I. Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair value using quoted prices in active markets for identical assets. This is considered a level 1 input valuation technique under the framework established by U.S. GAAP for measuring fair value. The Town does not own investments valued with level 2 or level 3 inputs, which would use quoted prices for similar assets, or in inactive markets, or other methods for estimating fair value.

J. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued):

K. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the thresholds listed below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets.

The Town began capitalizing newly acquired or constructed general infrastructure assets since the implementation of GASB Statement No. 34. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over their useful lives. Capitalization thresholds and the estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land and land improvements	\$ 10,000	10 - 50 years
Buildings and building improvements	\$ 10,000	10 - 75 years
Equipment and vehicles	\$ 2,000	3 - 25 years
Infrastructure	\$ 20,000	20 - 75 years

L. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

M. Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation time up to 200 hours. Upon termination, employees will receive an amount based upon their then current rate of pay and their earned but unused vacation time. It is also the policy of the Town to allow employees to accumulate earned but unused sick leave. Compensated absences are reported in the government-wide financial statements. Governmental funds report compensated absences as an expenditure when the benefit is paid.

N. Long-term obligations - Governmental activities, business-type activities, and proprietary funds report long-term debt and other long-term obligations as liabilities in the applicable statement of net position. Governmental funds report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

O. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued):

O. Fund equity (continued) -

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Board.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

The Town's policy is to apply expenditures to fund balance in the order of restricted, committed, assigned, and unassigned unless the Board specifies otherwise.

2. Deposits and investments:

Fair value and classification - Deposits and investments are stated at fair value as described in note 1.I. The classification of investments as of June 30, 2022, are as follows:

Certificate of deposit	\$ 73,914
U.S. Treasury securities	237,468
Corporate stock	<u>92,995</u>
	\$ <u>404,377</u>

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town does not have a policy for custodial credit risk. As of June 30, 2022, the Town's depository accounts were fully insured or collateralized.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. The Town does not have a policy for interest rate risk. Investments subject to interest rate risk and their maturities as of June 30, 2022, are as follows:

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. Deposits and investments (continued):

	Fair Value	Investment Maturity	
		Less than One Year	1 to 5 Years
Certificate of deposit	\$ 73,914	\$ 32,616	\$ 41,298
U.S. Treasury securities	<u>237,468</u>	<u>54,912</u>	<u>182,556</u>
	\$ <u>311,382</u>	\$ <u>87,528</u>	\$ <u>223,854</u>

Credit risk - Credit risk is the risk that an issuer of or counterparty to an investment will not fulfill its obligations. The Town does not have a policy for credit risk. The Town's investments in U.S. Treasury securities are subject to credit risk. The credit quality rating as rated by Standards & Poor's is AAAM.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy for concentration of credit risk. Of the Town's total investments as of June 30, 2022, 59% are in U.S. Treasury Securities, 23% are in shares of corporate stock and 18% are in certificates of deposit.

3. Capital assets:

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

	Balance July 1, 2021	Increase	Decrease	Balance June 30, 2022
Governmental activities -				
Capital assets, not depreciated:				
Land	\$ 243,262	\$ 199,548	\$ -	\$ 442,810
Art	3,700	-	-	3,700
Construction in progress	-	<u>3,460</u>	-	<u>3,460</u>
Total capital assets, not depreciated	<u>246,962</u>	<u>203,008</u>	-	<u>449,970</u>
Capital assets, depreciated:				
Buildings and building improvements	529,522	-	-	529,522
Equipment and furniture	173,001	2,695	-	175,696
Vehicles	1,448,342	407,841	368,259	1,487,924
Infrastructure	<u>6,040,421</u>	-	-	<u>6,040,421</u>
Total capital assets, depreciated	<u>8,191,286</u>	<u>410,536</u>	<u>368,259</u>	<u>8,233,563</u>
Less accumulated depreciation for:				
Buildings and building improvements	170,791	10,146	-	180,937
Equipment and furniture	146,678	3,908	-	150,586
Vehicles	667,038	154,891	285,549	536,380
Infrastructure	<u>1,451,045</u>	<u>130,162</u>	-	<u>1,581,207</u>
Total accumulated depreciation	<u>2,435,552</u>	<u>299,107</u>	<u>285,549</u>	<u>2,449,110</u>
Total capital assets, depreciated, net	<u>5,755,734</u>	<u>111,429</u>	<u>82,710</u>	<u>5,784,453</u>
Capital assets, net	\$ <u>6,002,696</u>	\$ <u>314,437</u>	\$ <u>82,710</u>	\$ <u>6,234,423</u>

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. Capital assets (continued):

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-type activities -				
Capital assets, depreciated:				
Buildings	\$ 250,000	\$ -	\$ -	\$ 250,000
Building improvements	<u>263,919</u>	<u>27,972</u>	<u>-</u>	<u>291,891</u>
Total capital assets, depreciated	513,919	27,972	-	541,891
Less accumulated depreciation for:				
Buildings and building improvements	<u>375,950</u>	<u>9,282</u>	<u>-</u>	<u>385,232</u>
Capital assets, net	\$ <u>137,969</u>	\$ <u>18,690</u>	\$ <u>-</u>	\$ <u>156,659</u>

Depreciation expense of \$299,107 in the governmental activities was allocated to the expenses of the general government (\$6,574), highways and streets (\$283,603), and public safety (\$8,930) programs based on capital assets assigned to those functions. Depreciation expense of \$9,282 in the business-type activities was fully allocated to the Old School House function.

4. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2022, were as follows:

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 982,515
Highway Fund	245,862	-
ARPA Grant Fund	206,773	-
Capital Reserve Fund	311,702	-
Town Equipment Fund	90,253	-
Other Governmental Funds	<u>127,925</u>	<u>-</u>
	\$ <u>982,515</u>	\$ <u>982,515</u>

5. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ 355	\$ 65,000
Highway Fund	-	262,000
Capital Reserve Fund	177,000	-
Town Equipment Fund	125,000	-
Other Governmental Funds	<u>25,000</u>	<u>355</u>
	\$ <u>327,355</u>	\$ <u>327,355</u>

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. Interfund transfers (continued):

Transfers to the Capital Reserve Fund from the General Fund and Highway Fund in the amounts of \$40,000 and \$137,000, respectively, were to fund the reserve as approved by voters through the annual budget.

Transfers to the Town Equipment Fund from the Highway Fund in the amount of \$125,000 was to fund the reserve as approved by voters through the annual budget.

Transfers to the Other Governmental Funds from the General Fund of \$25,000 were to fund the Baxter Library as approved by voters through the annual budget, and to fund the Legal Reserve Fund.

Transfers from the Other Governmental Funds to the General Fund in the amount of \$355 were to reimburse the General Fund for excess records preservation expenditures.

6. Long-term obligations:

Long term obligations activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities -					
Accrued compensated absences \$	41,735	\$ (590)	\$ -	\$ 41,145	\$ 19,681
Long-term debt	1,281,000	270,000	202,887	1,348,113	222,000
Net pension liability	<u>226,450</u>	<u>(93,001)</u>	<u>-</u>	<u>133,449</u>	<u>-</u>
	<u>\$ 1,549,185</u>	<u>\$ 176,409</u>	<u>\$ 202,887</u>	<u>\$ 1,522,707</u>	<u>\$ 241,681</u>

7. Debt:

Long-term - Outstanding long-term debt as of June 30, 2022, is as follows:

Governmental activities - notes from direct borrowings:

Note payable, Mascoma Bank, unsecured for the purchase of a 2018 Highway truck. Annual payments of \$24,000, plus interest at 2.65%. Matures February 5, 2023.	\$ 24,000
Note payable, Mascoma Bank, unsecured, for the purchase of a Backhoe. Semiannual payments of \$9,000, plus interest at 2.7%. Matures October 30, 2023.	27,000
Note payable, Community Bank, N.A., unsecured, for the purchase of a 2020 Highway truck. Annual payments of \$16,000, plus interest at 2.57%. Matures June 10, 2025.	48,000
Note payable, Community Bank, N.A., unsecured, for the purchase of a 2022 Highway truck. Semiannual payments of \$12,000, plus interest at 1.85%. Matures August 17, 2026.	109,113
Note payable, Community Bank, N.A., unsecured, for the purchase of a 2023 Highway truck. Semiannual payments of \$15,000, plus interest at 2.99%. Matures June 22, 2027.	150,000
General obligation note, Vermont Municipal Bond Bank - 2020 Series 1, various interest rates, annual principal payment of \$110,000 due November 2030.	<u>990,000</u>
	<u>\$ 1,348,113</u>

**TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

7. Debt (continued):

Long-term debt activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities-					
Notes from direct borrowings:					
2017 Highway Truck	\$ 24,000	\$ -	\$ 24,000	\$ -	\$ -
2018 Highway Truck	48,000	-	24,000	24,000	24,000
2018 Backhoe	45,000	-	18,000	27,000	18,000
2020 Highway Truck	64,000	-	16,000	48,000	16,000
2022 Highway Truck	-	120,000	10,887	109,113	24,000
2023 Highway Truck	-	150,000	-	150,000	30,000
VMBB 2020 Series 1	<u>1,100,000</u>	<u>-</u>	<u>110,000</u>	<u>990,000</u>	<u>110,000</u>
	<u>\$ 1,281,000</u>	<u>\$ 270,000</u>	<u>\$ 202,887</u>	<u>\$ 1,348,113</u>	<u>\$ 222,000</u>

Debt service requirements to maturity are as follows:

Year ending June 30,	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 222,000	\$ 21,001
2024	189,000	17,199
2025	180,000	14,197
2026	164,000	11,359
2027	153,113	8,750
2028-2031	<u>440,000</u>	<u>16,202</u>
	<u>\$ 1,348,113</u>	<u>\$ 88,708</u>

In the event that the Town is in default on their payment obligation issued from the Vermont Municipal Bond Bank (VMBB), the State Treasurer has the ability to intercept State funding until the default is cured.

8. Lease - lessor:

The Town has entered into a lease agreement to rent the Old School House to the Sharon Academy through June 30, 2022. Rental income to the Town for the year ended June 30, 2022, was \$28,032. Subsequent to year end the Town has entered into a lease agreement to rent the Old School House to the Sharon Academy for the term beginning July 1, 2022 through June 30, 2027.

**TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

9. Pension plan:

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS or the Plan) a cost-sharing multiple-employer public employee retirement plan with defined benefit and defined contribution plans, administered by the State of Vermont. The State statutory provisions, found in Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6200, by calling (802) 828-2305 or online at <http://www.vermonttreasurer.gov>.

Benefits provided: VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits do vary between the groups included in the Plan but are determined for the members of each group as a percentage of average compensation in a certain number of the highest consecutive years of service. Eligibility for benefits requires five years of service.

Contributions: Defined benefit plan members are required to contribute 3.25% (Group A), 5.625% (Group B), 10.75% (Group C) or 12.1% (Group D) of their annual covered salary, and the Town is required to contribute 4.75% (Group A), 6.25% (Group B), 8.0% (Group C) or 10.6% (Group D) of the employees' compensation. Defined contribution plan members are required to contribute 5.0% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2022, 2021, and 2020, \$23,801, \$20,159, and \$18,552, respectively. The amounts contributed were equal to the required contributions for each year.

Pension liabilities, deferred outflows of resources, deferred inflows of resources: These financial statements include the Town's proportionate share of the VMERS' net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. The State of Vermont has provided the following information to all employers participating in VMERS, which is based on its calculation of the Town's 0.0907% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 133,449
Deferred outflows of resources - Deferred pension expense	\$ 79,110
Deferred inflows of resources - Deferred pension credits	\$ 88,441

Additional information: VMERS obtains an annual actuarial valuation for the pension plan. Detailed information is provided in that report for actuarial assumptions of inflation rates, salary increases, investment rates of return, mortality rates, discount rates, and the calculations used to develop annual contributions and the VMERS net position.

The Town adopted GASB Statement No. 68 in fiscal year 2015 and is developing the ten years of required supplementary information in schedules 3 and 4. This historical pension information includes the Town's Proportionate Share of Net Pension Liability of VMERS and Town's Contributions to VMERS.

TOWN OF SHARON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

10. Contingent liabilities:

The Town is a participating member in the Greater Upper Valley Solid Waste Management District (GUVSW). GUVSW has primary liability for its obligations, including debt service and costs associated with landfill postclosure maintenance and monitoring. The member towns have contingent liability for these obligations through their membership in GUVSW.

11. Subsequent events:

The Town has evaluated subsequent events through December 6, 2022, the date on which the financial statements were available to be issued.

TOWN OF SHARON, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2022

Schedule 1

	Sharon Conservation Committee Fund	Honor Roll Fund	James Judson Memorial Fund	Steenken Lease Land Fund	Recreation Fund	Legal Reserve Fund	Reappraisal Fund	Records Preservation Fund	Solar Decommissioning Fund	Baxter Memorial Library Fund	Other Grants Fund	Totals
ASSETS												
Cash and cash equivalents	\$ 1,361	\$ 79	\$ 256	\$ 1,001	\$ 3,889	\$ -	\$ -	\$ -	\$ -	\$ 25,564	\$ -	\$ 32,150
Investments	-	-	-	-	-	-	-	-	20,052	105,559	-	125,611
Accounts receivable	-	-	-	-	65	-	-	-	-	-	-	65
Due from other funds	-	-	-	-	-	5,000	88,560	28,526	-	726	5,113	127,925
Total assets	\$ <u>1,361</u>	\$ <u>79</u>	\$ <u>256</u>	\$ <u>1,001</u>	\$ <u>3,954</u>	\$ <u>5,000</u>	\$ <u>88,560</u>	\$ <u>28,526</u>	\$ <u>20,052</u>	\$ <u>131,849</u>	\$ <u>5,113</u>	\$ <u>285,751</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY												
LIABILITIES:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,190	\$ -	\$ -	\$ -	\$ -	\$ 4,811	\$ -	\$ 6,001
Accrued expenditures	-	-	-	-	-	-	-	-	-	1,059	-	1,059
Decommission escrow	-	-	-	-	-	-	-	-	20,052	-	-	20,052
Total liabilities	-	-	-	-	1,190	-	-	-	20,052	5,870	-	27,112
DEFERRED INFLOWS OF RESOURCES:												
Deferred grant revenue	-	-	-	-	-	-	-	-	-	2,116	37	2,153
FUND EQUITY:												
Fund balances -												
Nonspendable	-	-	250	-	-	-	-	-	-	3,000	-	3,250
Restricted	1,361	79	6	1,001	2,764	5,000	88,560	28,526	-	120,863	5,076	253,236
Total fund balances	1,361	79	256	1,001	2,764	5,000	88,560	28,526	-	123,863	5,076	256,486
Total liabilities, deferred inflows of resources and fund equity	\$ <u>1,361</u>	\$ <u>79</u>	\$ <u>256</u>	\$ <u>1,001</u>	\$ <u>3,954</u>	\$ <u>5,000</u>	\$ <u>88,560</u>	\$ <u>28,526</u>	\$ <u>20,052</u>	\$ <u>131,849</u>	\$ <u>5,113</u>	\$ <u>285,751</u>

TOWN OF SHARON, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 2

	Sharon Conservation Committee Fund	Honor Roll Fund	James Judson Memorial Fund	Steenken Lease Land Fund	Recreation Fund	Legal Reserve Fund	Reappraisal Fund	Records Preservation Fund	Solar Decommissioning Fund	Baxter Memorial Library Fund	Other Grants Fund	Totals
REVENUES:												
Intergovernmental -												
State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,609	\$ -	\$ -	\$ 14,455	\$ -	\$ 22,064
Contributions	-	-	-	-	-	-	-	-	-	8,646	-	8,646
Investment income (loss)	-	-	-	1	1	-	-	-	-	(15,576)	-	(15,574)
Charges for services	-	-	-	-	3,945	-	-	-	-	-	-	3,945
Miscellaneous	-	-	-	-	-	-	-	-	-	61	-	61
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>3,946</u>	<u>-</u>	<u>7,609</u>	<u>-</u>	<u>-</u>	<u>7,586</u>	<u>-</u>	<u>19,142</u>
EXPENDITURES:												
Culture and recreation	-	-	-	-	8,266	-	-	-	-	49,465	-	57,731
EXCESS OF REVENUES OR (EXPENDITURES)	-	-	-	1	(4,320)	-	7,609	-	-	(41,879)	-	(38,589)
OTHER FINANCING SOURCES (USES):												
Transfers in (out)	-	-	-	-	-	1,000	-	(355)	-	24,000	-	24,645
NET CHANGE IN FUND BALANCES	-	-	-	1	(4,320)	1,000	7,609	(355)	-	(17,879)	-	(13,944)
FUND BALANCES, July 1, 2021	<u>1,361</u>	<u>79</u>	<u>256</u>	<u>1,000</u>	<u>7,084</u>	<u>4,000</u>	<u>80,951</u>	<u>28,881</u>	<u>-</u>	<u>141,742</u>	<u>5,076</u>	<u>270,430</u>
FUND BALANCES, June 30, 2022	\$ <u>1,361</u>	\$ <u>79</u>	\$ <u>256</u>	\$ <u>1,001</u>	\$ <u>2,764</u>	\$ <u>5,000</u>	\$ <u>88,560</u>	\$ <u>28,526</u>	\$ <u>-</u>	\$ <u>123,863</u>	\$ <u>5,076</u>	\$ <u>256,486</u>

**TOWN OF SHARON, VERMONT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY
VMERS
JUNE 30, 2022**

Schedule 3

	June 30, <u>2022</u>	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	June 30, <u>2018</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	June 30, <u>2015</u>
Town's proportion of the net pension liability	0.0907%	0.0895%	0.0981%	0.0785%	0.0967%	0.0877%	0.1073%	0.0846%
Town's proportionate share of the net pension liability	\$ 133,449	\$ 226,450	\$ 170,231	\$ 110,470	\$ 117,127	\$ 112,888	\$ 82,715	\$ 7,721
Town's covered payroll	\$ 380,820	\$ 335,977	\$ 322,650	\$ 335,154	\$ 250,086	\$ 287,052	\$ 242,393	\$ 278,820
Town's proportionate share of the net pension liability as a percentage of its covered payroll	35.043%	67.400%	52.760%	32.961%	46.835%	39.327%	34.124%	2.769%
VMERS net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**SCHEDULE OF TOWN'S CONTRIBUTIONS
VMERS
JUNE 30, 2022**

Schedule 4

	June 30, <u>2022</u>	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	June 30, <u>2018</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	June 30, <u>2015</u>
Contractually required contribution	\$ 23,801	\$ 20,159	\$ 18,552	\$ 18,852	\$ 13,755	\$ 15,788	\$ 13,332	\$ 14,997
Contributions in relation to the contractually required contribution	<u>23,801</u>	<u>20,159</u>	<u>18,552</u>	<u>18,852</u>	<u>13,755</u>	<u>15,788</u>	<u>13,332</u>	<u>14,997</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 380,820	\$ 335,977	\$ 322,650	\$ 335,154	\$ 250,086	\$ 287,052	\$ 242,393	\$ 278,820
Contributions as a percentage of covered payroll	6.250%	6.000%	5.750%	5.625%	5.500%	5.500%	5.500%	5.379%

**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***

The Selectboard
Town of Sharon, Vermont

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, Vermont (the Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 Town'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 Town's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont
December 6, 2022

Melgett Jennett 9
Shosh-Nisa, P.L.