

**TOWN OF SHARON, VERMONT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**TOWN OF SHARON, VERMONT**

**JUNE 30, 2023**

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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, 2023, 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, 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Sharon, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 November 1, 2023, 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  
November 1, 2023

*Margaret Bennett*  
*Shoshanna, P.C.*

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

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, 2023, 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, 2023, are \$8,648,191; total assets as of June 30, 2022, were \$8,417,183. Of these totals, \$2,459,396 and \$2,026,101 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 \$6,188,795 and \$6,391,082 as of June 30, 2023 and June 30, 2022, respectively.

The deferred outflows of resources at June 30, 2023, are \$119,938, compared to the prior year balance of \$79,110.

The liabilities of the Town at June 30, 2023, totaled \$1,593,534 and included \$1,126,113 in long-term debt, \$151,946 in payables, \$26,878 in accrued compensated absences, and \$288,597 in net pension liability. Liabilities as of June 30, 2022, totaled \$1,582,913 and included \$1,348,113 in long-term debt, \$60,206 in payables, \$41,145 in accrued compensated absences, and \$133,449 in net pension liability.

The deferred inflows of resources at June 30, 2023, of \$503,616 include \$6,820 in taxes collected in advance, \$382,713 in deferred grant revenue, \$109,439 in deferred inflows related to lease receivable and \$4,644 of deferred pension credits. 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.

**Table 1**  
**Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 2,278,913	\$ 1,973,230	\$ 180,483	\$ 52,871	\$ 2,459,396	\$ 2,026,101
Capital assets	6,042,123	6,234,423	146,672	156,659	6,188,795	6,391,082
Total assets	<u>8,321,036</u>	<u>8,207,653</u>	<u>327,155</u>	<u>209,530</u>	<u>8,648,191</u>	<u>8,417,183</u>
Deferred outflows of resources	119,938	79,110	-	-	119,938	79,110
Current liabilities	335,874	278,514	5,072	3,692	340,946	282,206
Long-term liabilities	1,252,588	1,300,707	-	-	1,252,588	1,300,707
Total liabilities	<u>1,588,462</u>	<u>1,579,221</u>	<u>5,072</u>	<u>3,692</u>	<u>1,593,534</u>	<u>1,582,913</u>
Deferred inflows of resources	394,177	303,824	109,439	-	503,616	303,824
Net investment in capital assets	4,916,010	4,886,310	146,672	156,659	5,062,682	5,042,969
Restricted	1,193,125	1,139,243	-	-	1,193,125	1,139,243
Unrestricted	349,200	378,165	65,972	49,179	415,172	427,344
Total net position	<u>\$ 6,458,335</u>	<u>\$ 6,403,718</u>	<u>\$ 212,644</u>	<u>\$ 205,838</u>	<u>\$ 6,670,979</u>	<u>\$ 6,609,556</u>

Capital Assets:

The Town's governmental activities had \$6,042,123 and \$6,234,423 invested in capital assets, net of depreciation, on June 30, 2023 and June 30, 2022, respectively. Governmental capital assets decreased in FY 2023 by \$192,300, with capital asset additions of \$114,546, no dispositions, and depreciation of \$303,386.

The Town's business-type activities (Old School House Fund) had \$146,672 and \$156,659 invested in capital assets, net of depreciation, on June 30, 2023 and June 30, 2022, respectively. Business-type assets decreased in FY 2023 by \$9,987, with no capital asset additions and depreciation of \$9,987.

**Table 2**  
**Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 442,810	\$ 442,810	\$ -	\$ -	\$ 442,810	\$ 442,810
Art	3,700	3,700	-	-	3,700	3,700
Construction in progress	10,250	3,460	-	-	10,250	3,460
Buildings and improvements	372,068	348,585	146,672	156,659	518,740	505,244
Equipment and furniture	60,960	25,110	-	-	60,960	25,110
Vehicles	793,957	951,544	-	-	793,957	951,544
Infrastructure	<u>4,358,378</u>	<u>4,459,214</u>	<u>-</u>	<u>-</u>	<u>4,358,378</u>	<u>4,459,214</u>
Totals	\$ <u>6,042,123</u>	\$ <u>6,234,423</u>	\$ <u>146,672</u>	\$ <u>156,659</u>	\$ <u>6,188,795</u>	\$ <u>6,391,082</u>

Long-term obligations:

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 \$9,000 at June 30, 2023; \$9,000 of which is due by June 30, 2024 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 \$32,000 at June 30, 2023; \$16,000 of which is due by June 30, 2024 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 \$880,000 at June 30, 2023; \$110,000 of which is due by June 30, 2024 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 \$85,113 at June 30, 2023; \$24,000 of which is due by June 30, 2024 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 \$120,000 at June 30, 2023; \$30,000 of which is due by June 30, 2024 and is considered a current liability.

A long-term obligation of \$26,878 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 \$288,597 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 2023 of \$1,798,698; total expenses for FY 2022 were \$1,817,051. 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**

	2023			2022		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
<b>REVENUES</b>						
Program revenues:						
Grants and contributions	\$ 263,274	\$ -	\$ 263,274	\$ 458,312	\$ 25,175	\$ 483,487
Charges for services	49,004	27,360	76,364	66,117	28,574	94,691
Other	12,667	-	12,667	6,807	-	6,807
General revenues:						
Property taxes	1,500,580	-	1,500,580	1,451,108	-	1,451,108
Insurance reimbursements	5,783	-	5,783	1,037	-	1,037
Interest income	(3,238)	4,691	1,453	(11,749)	10	(11,739)
Total revenues	<u>1,828,070</u>	<u>32,051</u>	<u>1,860,121</u>	<u>1,971,632</u>	<u>53,759</u>	<u>2,025,391</u>
<b>PROGRAM EXPENSES</b>						
General government	444,482	-	444,482	410,575	-	410,575
Highways and streets	1,001,209	-	1,001,209	1,050,243	-	1,050,243
Public safety	219,789	-	219,789	219,717	-	219,717
Culture and recreation	65,866	-	65,866	63,252	-	63,252
Solid waste	21,712	-	21,712	26,397	-	26,397
Debt service - interest	20,395	-	20,395	18,908	-	18,908
Old School House	-	25,245	25,245	-	27,959	27,959
Total program expenses	<u>1,773,453</u>	<u>25,245</u>	<u>1,798,698</u>	<u>1,789,092</u>	<u>27,959</u>	<u>1,817,051</u>
Change in Net Position	54,617	6,806	61,423	182,540	25,800	208,340
Net Position - July 1	<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>
Net Position - June 30	<u>\$ 6,458,335</u>	<u>\$ 212,644</u>	<u>\$ 6,670,979</u>	<u>\$ 6,403,718</u>	<u>\$ 205,838</u>	<u>\$ 6,609,556</u>

**Governmental Funds:**

At June 30, 2023, the Town's General Fund reported an ending fund balance of \$378,371, a decrease of \$3,996 from the balance of the previous year. 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.

Year-end assets of the General Fund were \$1,816,546 and \$1,554,106 for FY 2023 and FY 2022, respectively; liabilities were \$1,316,440 and \$993,553 at June 30, 2023 and June 30, 2022, respectively. Deferred inflows of resources of the General Fund were \$121,735 and \$178,216 at June 30, 2023 and June 30, 2022, 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 \$739,369 are primarily property taxes. The largest portion of General Fund expenditures is \$395,649 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, 2023, General Fund fund balance of \$378,371, \$296,982 constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is nonspendable related to prepaid expenditures (\$22,249) and assigned to the FY24 budget (\$59,140).

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 \$3,966. The individual line items of budgeted revenues and expenditures are shown in the statement. Actual revenues were more than budgeted amounts by \$35,942. Actual expenditures were less than budgeted amounts by \$48,736.

Highway Fund revenues of \$1,042,277 are primarily property taxes. Highway Fund expenditures of \$744,081 provided highway and street maintenance. Other financing sources and uses consisted of proceeds from insurance reimbursements and transfers out totaling \$289,217.

Of the June 30, 2023, Highway Fund fund balance of \$248,570, \$192,475 constitutes committed fund balance. The remainder of fund balance is nonspendable related to prepaid expenditures (\$6,917) and assigned to the FY24 budget (\$49,178).

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 \$39,277. Actual expenditures were less than budgeted amounts by \$31,819.

#### Proprietary Fund:

Net position of the Old School House Fund at June 30, 2023 was \$212,644, an increase of \$6,806 from the prior year net position of \$205,838. The largest portion of the fund's net position, \$146,672, reflects its investment in capital assets. The remaining balance of \$65,972 is unrestricted.

Fund assets were \$327,155 at June 30, 2023 and \$209,530 at June 30, 2022. Liabilities of the fund were \$5,072 and \$3,692 at June 30, 2023 and 2022, respectively. Deferred inflows of resources of the fund were \$109,439 and \$0 at June 30, 2023 and 2022, respectively. The significant increase in assets, and deferred inflows of resources were related to recording a lease receivable, and related deferred inflows of resources, for the Old School House Lease, in accordance with GASB Statement No. 87.

#### Fiduciary Fund:

The Town reports two fiduciary funds. Total net position of the Trustees of Public Funds Fund as of June 30, 2023, was \$42,308, an increase of \$84 over the previous fiscal year. The Ashley Community Forest Fund reported total assets of \$18,264, and total liabilities of \$18,264, 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, 2023**  
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 1,667,222	\$ 67,967	\$ 1,735,189
Investments	367,708	-	367,708
Property taxes receivable	176,030	-	176,030
Accounts receivable	38,845	-	38,845
Lease receivable	-	111,209	111,209
Internal balances	(58)	58	-
Prepaid expenses	29,166	1,249	30,415
Total current assets	<u>2,278,913</u>	<u>180,483</u>	<u>2,459,396</u>
Noncurrent assets -			
Capital assets	8,794,619	541,891	9,336,510
less - accumulated depreciation	<u>(2,752,496)</u>	<u>(395,219)</u>	<u>(3,147,715)</u>
Total noncurrent assets	<u>6,042,123</u>	<u>146,672</u>	<u>6,188,795</u>
Total assets	<u>8,321,036</u>	<u>327,155</u>	<u>8,648,191</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension expense	<u>119,938</u>	<u>-</u>	<u>119,938</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	82,409	50	82,459
Accrued expenses	24,352	-	24,352
Decommission escrow	40,113	-	40,113
Deposit payable	-	2,511	2,511
Advanced rental income	-	2,511	2,511
Current portion of long-term debt	<u>189,000</u>	<u>-</u>	<u>189,000</u>
Total current liabilities	<u>335,874</u>	<u>5,072</u>	<u>340,946</u>
Noncurrent liabilities -			
Accrued compensated absences	26,878	-	26,878
Long-term debt	937,113	-	937,113
Net pension liability	<u>288,597</u>	<u>-</u>	<u>288,597</u>
Total noncurrent liabilities	<u>1,252,588</u>	<u>-</u>	<u>1,252,588</u>
Total liabilities	<u>1,588,462</u>	<u>5,072</u>	<u>1,593,534</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, 2023**  
(Page 2 of 2)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Taxes collected in advance	6,820	-	6,820
Deferred grant revenue	382,713	-	382,713
Deferred inflows - lease receivable	-	109,439	109,439
Deferred pension credits	<u>4,644</u>	<u>-</u>	<u>4,644</u>
Total deferred inflows of resources	<u>394,177</u>	<u>109,439</u>	<u>503,616</u>
<b>NET POSITION:</b>			
Net investment in capital assets	4,916,010	146,672	5,062,682
Restricted	1,193,125	-	1,193,125
Unrestricted	<u>349,200</u>	<u>65,972</u>	<u>415,172</u>
Total net position	\$ <u>6,458,335</u>	\$ <u>212,644</u>	\$ <u>6,670,979</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, 2023**

FUNCTIONS/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
	Governmental activities -						
General government	\$ 444,482	\$ 79,638	\$ 29,042	\$ 1,111	\$ (334,691)	\$ -	\$ (334,691)
Highways and streets	1,001,209	169,543	405	10,600	(820,661)	-	(820,661)
Public safety	219,789	-	9,814	-	(209,975)	-	(209,975)
Culture and recreation	65,866	14,093	4,685	956	(46,132)	-	(46,132)
Solid waste	21,712	-	5,058	-	(16,654)	-	(16,654)
Debt service - Interest	20,395	-	-	-	(20,395)	-	(20,395)
Total governmental activities	<u>1,773,453</u>	<u>263,274</u>	<u>49,004</u>	<u>12,667</u>	<u>(1,448,508)</u>	<u>-</u>	<u>(1,448,508)</u>
Business-type activities -							
Old School House	<u>25,245</u>	<u>-</u>	<u>27,360</u>	<u>-</u>	<u>-</u>	<u>2,115</u>	<u>2,115</u>
	<u>\$ 1,798,698</u>	<u>\$ 263,274</u>	<u>\$ 76,364</u>	<u>\$ 12,667</u>	<u>(1,448,508)</u>	<u>2,115</u>	<u>(1,446,393)</u>
<b>GENERAL REVENUES - PROPERTY TAXES</b>					1,500,580	-	1,500,580
- INSURANCE REIMBURSEMENTS					5,783	-	5,783
- INVESTMENT EARNINGS					(3,238)	4,691	1,453
					<u>1,503,125</u>	<u>4,691</u>	<u>1,507,816</u>
CHANGE IN NET POSITION					54,617	6,806	61,423
NET POSITION, July 1, 2022					<u>6,403,718</u>	<u>205,838</u>	<u>6,609,556</u>
NET POSITION, June 30, 2023					<u>\$ 6,458,335</u>	<u>\$ 212,644</u>	<u>\$ 6,670,979</u>

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

**TOWN OF SHARON, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**  
(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
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,616,400	\$ -	\$ -	\$ -	\$ -	\$ 18,232	\$ 32,590	\$ 1,667,222
Investments	-	-	-	-	-	237,392	130,316	367,708
Property taxes receivable	176,030	-	-	-	-	-	-	176,030
Accounts receivable	1,867	27,753	-	9,225	-	-	-	38,845
Due from other funds	-	268,363	379,416	424,445	60,249	-	147,205	1,279,678
Prepaid expenditures	<u>22,249</u>	<u>6,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,166</u>
Total assets	\$ <u>1,816,546</u>	\$ <u>303,033</u>	\$ <u>379,416</u>	\$ <u>433,670</u>	\$ <u>60,249</u>	\$ <u>255,624</u>	\$ <u>310,111</u>	\$ <u>3,558,649</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>								
<b>LIABILITIES:</b>								
Accounts payable	\$ 26,241	\$ 47,786	\$ 7,737	\$ -	\$ -	\$ -	\$ 645	\$ 82,409
Accrued expenditures	13,463	6,677	-	2,149	736	-	1,327	24,352
Decommission escrow	-	-	-	-	-	-	40,113	40,113
Due to other funds	<u>1,276,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>1,279,736</u>
Total liabilities	<u>1,316,440</u>	<u>54,463</u>	<u>7,737</u>	<u>2,149</u>	<u>736</u>	<u>-</u>	<u>45,085</u>	<u>1,426,610</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Deferred property taxes	114,915	-	-	-	-	-	-	114,915
Deferred grant revenue	-	-	371,679	-	-	-	11,034	382,713
Taxes collected in advance	<u>6,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,820</u>
Total deferred inflows of resources	<u>121,735</u>	<u>-</u>	<u>371,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,034</u>	<u>504,448</u>

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

**TOWN OF SHARON, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**  
(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>
<b>FUND EQUITY:</b>								
Fund balances -								
Nonspendable	22,249	6,917	-	-	-	237,651	3,250	270,067
Restricted	-	-	-	-	-	17,973	250,742	268,715
Committed	-	192,475	-	431,521	59,513	-	-	683,509
Assigned	59,140	49,178	-	-	-	-	-	108,318
Unassigned	<u>296,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,982</u>
Total fund balances	<u>378,371</u>	<u>248,570</u>	<u>-</u>	<u>431,521</u>	<u>59,513</u>	<u>255,624</u>	<u>253,992</u>	<u>1,627,591</u>
Total liabilities, deferred inflows of resources and fund equity								
	\$ <u>1,816,546</u>	\$ <u>303,033</u>	\$ <u>379,416</u>	\$ <u>433,670</u>	\$ <u>60,249</u>	\$ <u>255,624</u>	\$ <u>310,111</u>	\$ <u>3,558,649</u>

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

**TOWN OF SHARON, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**  
(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	\$ 1,627,591
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	8,794,619
Accumulated depreciation	(2,752,496)
Liabilities not due and payable are not reported in governmental funds.	
Compensated absences	(26,878)
Long-term debt	(1,126,113)
Deferred property taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
	114,915
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	119,938
Deferred pension credits	(4,644)
Net pension liability	<u>(288,597)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u>6,458,335</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, 2023**

(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
<b>REVENUES:</b>								
Property taxes	\$ 687,424	\$ 870,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,557,424
Fees, licenses, permits	43,914	405	-	-	-	-	-	44,319
Intergovernmental - State	6,129	117,689	-	9,225	-	-	7,629	140,672
- Federal	-	-	63,881	-	-	-	-	63,881
Contributions	-	42,629	-	-	-	-	16,093	58,722
Investment income	1,562	954	-	833	262	4,227	(11,076)	(3,238)
Charges for services	-	-	-	-	-	-	5,436	5,436
Other income	340	10,600	-	770	-	-	205	11,915
Total revenues	<u>739,369</u>	<u>1,042,277</u>	<u>63,881</u>	<u>10,828</u>	<u>262</u>	<u>4,227</u>	<u>18,287</u>	<u>1,879,131</u>
<b>EXPENDITURES:</b>								
Current - General government	395,649	-	25,000	-	-	-	-	420,649
- Highways and streets	-	714,331	-	-	-	-	-	714,331
- Public safety	205,272	-	5,586	-	-	-	-	210,858
- Culture and recreation	4,121	-	2,151	-	-	1,232	58,362	65,866
- Solid waste	21,712	-	-	-	-	-	-	21,712
Capital outlay	-	29,750	31,144	10,250	39,942	-	-	111,086
Debt service - Principal	-	-	-	110,000	112,000	-	-	222,000
- Interest	-	-	-	12,610	7,785	-	-	20,395
Total expenditures	<u>626,754</u>	<u>744,081</u>	<u>63,881</u>	<u>132,860</u>	<u>159,727</u>	<u>1,232</u>	<u>58,362</u>	<u>1,786,897</u>
<b>EXCESS OF REVENUES OR (EXPENDITURES)</b>	<u>112,615</u>	<u>298,196</u>	<u>-</u>	<u>(122,032)</u>	<u>(159,465)</u>	<u>2,995</u>	<u>(40,075)</u>	<u>92,234</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, 2023**

(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>
<b>OTHER FINANCING SOURCES (USES):</b>								
Insurance proceeds	-	5,783	-	-	-	-	-	5,783
Operating transfers in (out), net	<u>(116,581)</u>	<u>(295,000)</u>	<u>-</u>	<u>244,000</u>	<u>130,000</u>	<u>-</u>	<u>37,581</u>	<u>-</u>
Total other financing sources (uses)	<u>(116,581)</u>	<u>(289,217)</u>	<u>-</u>	<u>244,000</u>	<u>130,000</u>	<u>-</u>	<u>37,581</u>	<u>5,783</u>
NET CHANGE IN FUND BALANCES	(3,966)	8,979	-	121,968	(29,465)	2,995	(2,494)	98,017
FUND BALANCES, July 1, 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>
FUND BALANCES, June 30, 2023	\$ <u><u>378,371</u></u>	\$ <u><u>248,570</u></u>	\$ <u><u>-</u></u>	\$ <u><u>431,521</u></u>	\$ <u><u>59,513</u></u>	\$ <u><u>255,624</u></u>	\$ <u><u>253,992</u></u>	\$ <u><u>1,627,591</u></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, 2023**

(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	\$	98,017
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		111,086
Depreciation		(303,386)
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		(171,759)
Current year - Deferred property taxes		114,915
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.		
Debt service - Principal		222,000
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		14,267
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>(30,523)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$	<u>54,617</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, 2023**

(Page 1 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>REVENUES:</b>			
Tax revenues -			
Property taxes	\$ 455,400	\$ 510,492	\$ 55,092
Current land use payments	105,000	110,360	5,360
State pilot/land taxes	34,000	34,210	210
Interest on delinquent taxes	18,000	21,703	3,703
Interest on late taxes	4,500	2,646	(1,854)
Penalty on delinquent taxes	<u>12,000</u>	<u>8,013</u>	<u>(3,987)</u>
Total tax revenues	<u>628,900</u>	<u>687,424</u>	<u>58,524</u>
Fees revenue -			
Alcohol and tobacco licenses	325	70	(255)
Recording and land records	18,700	11,233	(7,467)
Vault fees	500	254	(246)
Certified copies	500	430	(70)
Dog license fees	1,000	1,726	726
DMV registration fees	120	60	(60)
Marriage license fees	320	600	280
Land record preservation fees	6,800	4,096	(2,704)
Land use change assessment fee	1,000	6,145	5,145
Green Mountain Pass fee	50	10	(40)
Ordinance fees	100	454	354
GUVSW coupon sales	5,500	2,844	(2,656)
GUVSW sticker sales	2,500	2,214	(286)
COTTS revenue	-	272	272
Fish & Game fees	-	20	20
Planning Commission subdivision fees	2,000	2,219	219
Copy machine and other fees	600	219	(381)
Land record copy fees	<u>1,200</u>	<u>505</u>	<u>(695)</u>
Total fees revenue	<u>41,215</u>	<u>33,371</u>	<u>(7,844)</u>
Other revenues -			
Grant revenue	7,500	2,117	(5,383)
Fines, law enforcement	20,000	9,522	(10,478)
Green Up Day	-	340	340
Net metering credit	1,000	1,021	21
Investment income	800	1,562	762
Railroad	<u>4,012</u>	<u>4,012</u>	<u>-</u>
Total other income	<u>33,312</u>	<u>18,574</u>	<u>(14,738)</u>
Total revenues	<u>703,427</u>	<u>739,369</u>	<u>35,942</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, 2023**

(Page 2 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES:</b>			
Selectboard -			
Selectboard stipend	4,500	4,500	-
Administrative Assistant salary	50,000	46,800	(3,200)
Finance department wages	50,000	57,877	7,877
FICA	8,132	8,056	(76)
Health insurance	24,762	1,418	(23,344)
Retirement	6,619	6,615	(4)
Dental insurance	1,680	807	(873)
Disability insurance	720	848	128
Postage and supplies	3,300	3,076	(224)
Notices and advertisements	300	558	258
Meetings and seminars	600	509	(91)
Payroll services	2,800	2,775	(25)
Consulting services	10,000	8,767	(1,233)
General legal services	7,000	2,738	(4,262)
Health officer	1,000	605	(395)
Travel	500	71	(429)
Grant	10,000	2,367	(7,633)
Total Selectboard	<u>181,913</u>	<u>148,387</u>	<u>(33,526)</u>
Membership Dues -			
Two Rivers Ottauquechee	2,465	2,465	-
Green Mountain Economic Development Corp.	765	765	-
Vermont League of Cities and Towns	3,051	3,051	-
Total membership dues	<u>6,281</u>	<u>6,281</u>	<u>-</u>
Town insurance -			
Liability	10,000	6,635	(3,365)
Buildings	10,000	6,581	(3,419)
Worker's comp. and unemployment	1,600	1,476	(124)
Total Town insurance	<u>21,600</u>	<u>14,692</u>	<u>(6,908)</u>
Buildings and grounds -			
Cleaning	1,800	355	(1,445)
Office maintenance supplies	4,000	3,618	(382)
Historical Town Hall repairs	1,000	602	(398)
Grounds maintenance	2,800	3,020	220
Maintenance supplies	250	635	385
Total buildings and grounds	<u>9,850</u>	<u>8,230</u>	<u>(1,620)</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, 2023**

(Page 3 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Town office -			
Office equipment maintenance	550	499	(51)
Telephone	3,550	3,814	264
Electricity	6,500	7,272	772
Heating fuel	2,600	3,740	1,140
Trash	450	-	(450)
Furniture, fixtures and computers	<u>5,000</u>	<u>3,857</u>	<u>(1,143)</u>
Total Town office	<u>18,650</u>	<u>19,182</u>	<u>532</u>
Elections -			
Ballot clerks	600	50	(550)
FICA expenses	46	4	(42)
Postage	800	286	(514)
Supplies	<u>2,200</u>	<u>1,007</u>	<u>(1,193)</u>
Total elections	<u>3,646</u>	<u>1,347</u>	<u>(2,299)</u>
Town Clerk -			
Town Clerk salary	45,388	45,265	(123)
Assistant Town Clerk salary	4,012	4,004	(8)
FICA	3,779	3,769	(10)
Health insurance	16,555	19,312	2,757
Retirement	3,064	3,001	(63)
Dental insurance	840	1,423	583
Disability insurance	384	383	(1)
Postage and supplies	400	593	193
Meetings and seminars	400	243	(157)
Marriage license state fees	200	350	150
Dog license expenses (supplies and postage)	500	118	(382)
State dog license surcharge	-	850	850
Records preservation	4,000	-	(4,000)
Land records books	600	1,103	503
Online access	<u>3,000</u>	<u>1,870</u>	<u>(1,130)</u>
Total Town Clerk	<u>83,122</u>	<u>82,284</u>	<u>(838)</u>
Treasurer -			
Treasurer	3,500	3,656	156
Assistant treasurer	788	788	-
FICA	328	340	12
Advertising, postage and supplies	1,600	1,121	(479)
Bank service fees	300	65	(235)

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, 2023**

(Page 4 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Treasurer (continued) -			
Meetings and seminars	300	40	(260)
Total Treasurer	<u>6,816</u>	<u>6,010</u>	<u>(806)</u>
Town Auditors -			
Town report prep wages	1,000	-	(1,000)
FICA	77	191	114
Postage and supplies	500	-	(500)
Professional audit services	13,000	18,700	5,700
Professional consulting	2,500	2,500	-
Town Report printing	1,800	1,689	(111)
Total Town Auditors	<u>18,877</u>	<u>23,080</u>	<u>4,203</u>
Listers -			
Listers	15,000	9,010	(5,990)
FICA	1,148	689	(459)
Postage and supplies	350	399	49
Advertising	250	-	(250)
Meetings, seminars and dues	400	360	(40)
CAMA licenses	3,800	2,300	(1,500)
Total Listers	<u>20,948</u>	<u>12,758</u>	<u>(8,190)</u>
Tax Collector -			
Tax Collector	12,000	11,728	(272)
FICA	918	897	(21)
Supplies	50	7	(43)
Meetings and seminars	60	28	(32)
Total Tax Collector	<u>13,028</u>	<u>12,660</u>	<u>(368)</u>
Energy Committee -			
Energy Committee	250	250	-
Vermont Green Up	300	238	(62)
Vital Communities Energy	100	100	-
Vermont Fire Protection Task Force	100	100	-
Total Energy Committee	<u>750</u>	<u>688</u>	<u>(62)</u>
Conservation -			
Conservation operating	750	479	(271)
Intermunicipal Energy Coop	6,195	6,195	-
Total Conservation	<u>6,945</u>	<u>6,674</u>	<u>(271)</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, 2023**

(Page 5 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Planning Commission -			
Planning Commission Clerk wages	2,750	6,960	4,210
Flood hazard administrative wage	800	435	(365)
FICA	272	566	294
Postage	450	917	467
Supplies	-	351	351
Advertising and notices	500	1,179	679
Meetings	-	136	136
Legal	<u>2,200</u>	<u>6,219</u>	<u>4,019</u>
Total Planning Commission	<u>6,972</u>	<u>16,763</u>	<u>9,791</u>
Law enforcement -			
Constable	150	-	(150)
Purchased service for 911	250	-	(250)
Police	62,400	62,210	(190)
Animal control officer	1,500	226	(1,274)
Pound operation	<u>750</u>	<u>-</u>	<u>(750)</u>
Total law enforcement	<u>65,050</u>	<u>62,436</u>	<u>(2,614)</u>
Fire and Rescue -			
Fire department	53,150	53,150	-
South Royalton rescue	89,686	89,686	-
Hartford emergency services	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total fire and rescue	<u>143,836</u>	<u>142,836</u>	<u>(1,000)</u>
Cemeteries -			
Repairs and maintenance	2,750	770	(1,980)
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>6,520</u>	<u>(2,230)</u>
Community appropriations -			
Stagecoach	4,054	4,054	-
Windsor County Partners	375	375	-
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, 2023**

(Page 6 of 6)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Community appropriations (continued) -			
Vermont Association for the Blind	150	150	-
HIV/HCV Resource Center	300	300	-
Community Health Nurse	<u>3,000</u>	<u>4,686</u>	<u>1,686</u>
Total community appropriations	<u>13,429</u>	<u>15,115</u>	<u>1,686</u>
Greater Upper Valley Solid Waste (GUVSW) -			
GUVSW	15,600	15,600	-
GUVSW Coupons	5,500	3,763	(1,737)
GUVSW Stickers	<u>2,500</u>	<u>2,349</u>	<u>(151)</u>
Total GUVSW	<u>23,600</u>	<u>21,712</u>	<u>(1,888)</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	72	(5)
Cleaning	1,000	941	(59)
Electricity	750	2,115	1,365
Building repairs and maintenance	2,500	243	(2,257)
Heating fuel	<u>1,400</u>	<u>-</u>	<u>(1,400)</u>
Total Baxter Memorial Library	<u>5,727</u>	<u>3,371</u>	<u>(2,356)</u>
Other expenditures -			
County tax	<u>11,700</u>	<u>11,728</u>	<u>28</u>
Total expenditures	<u>675,490</u>	<u>626,754</u>	<u>(48,736)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	27,937	112,615	84,678
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in (out), net	<u>(115,285)</u>	<u>(116,581)</u>	<u>(1,296)</u>
NET CHANGE IN FUND BALANCE	\$ <u>(87,348)</u>	\$ <u>(3,966)</u>	\$ <u>83,382</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, 2023**

(Page 1 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>REVENUES:</b>			
Property taxes	\$ 870,000	\$ 870,000	\$ -
State aid for highways	115,000	117,689	2,689
Road construction grants	17,000	42,629	25,629
Overweight permits	400	405	5
Investment income	-	954	954
Other income	600	10,600	10,000
	<u>1,003,000</u>	<u>1,042,277</u>	<u>39,277</u>
Total highway revenues			
<b>EXPENDITURES:</b>			
Wages and wage related -			
Road crew salaries	192,954	185,150	(7,804)
Overtime	25,639	18,739	(6,900)
FICA	16,722	15,597	(1,125)
Health insurance	59,154	43,163	(15,991)
Dental insurance	3,180	3,054	(126)
Retirement	14,755	13,316	(1,439)
Disability insurance	1,500	1,543	43
Uniforms	3,200	3,128	(72)
Medical card	800	250	(550)
Workers' comp. insurance	18,870	17,131	(1,739)
Unemployment insurance	450	366	(84)
	<u>337,224</u>	<u>301,437</u>	<u>(35,787)</u>
Total wages and wage related			
Vehicle -			
Insurance (vehicles and liability)	12,000	9,301	(2,699)
Tires	17,500	13,332	(4,168)
Maintenance truck #1	2,500	3,067	567
Maintenance truck #2	-	1,843	1,843
Maintenance truck #3	-	2,509	2,509
Maintenance truck #4	3,500	3,671	171
Maintenance loader #5	4,500	4,132	(368)
Maintenance grader #6	6,000	6,748	748
Maintenance backhoe #7	2,600	1,731	(869)
Maintenance mower #8	2,500	893	(1,607)
Maintenance truck #10	6,500	-	(6,500)
Maintenance freightliner #11	6,500	2,064	(4,436)
Diesel, gas and oil	54,000	71,675	17,675
	<u>118,100</u>	<u>120,966</u>	<u>2,866</u>
Total vehicle			
Garage -			
Insurance (buildings and garage)	3,500	2,269	(1,231)

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, 2023**

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Garage (continued) -			
Telephone	1,776	1,434	(342)
Electricity	1,800	1,662	(138)
Meetings and trainings	800	131	(669)
Shop expenses	6,750	6,941	191
Highway notices and advertisements	1,000	528	(472)
Garage building and site maintenance	9,200	7,705	(1,495)
Safety equipment	2,000	201	(1,799)
Tools and small equipment	<u>2,500</u>	<u>2,274</u>	<u>(226)</u>
Total garage	<u>29,326</u>	<u>23,145</u>	<u>(6,181)</u>
Grant and permit -			
Licenses and fees	2,000	1,771	(229)
Permit compliance	<u>-</u>	<u>56</u>	<u>56</u>
Total grant and permit	<u>2,000</u>	<u>1,827</u>	<u>(173)</u>
Road maintenance -			
Culverts	10,000	3,496	(6,504)
Sand	70,000	66,586	(3,414)
Gravel	55,000	51,236	(3,764)
Grass seed	1,000	440	(560)
Signs	4,000	2,642	(1,358)
Guardrails	7,500	-	(7,500)
Chloride	17,750	19,455	1,705
Salt	54,000	51,908	(2,092)
Cold patch and blacktop	3,000	334	(2,666)
Bridges	-	29,750	29,750
Crack sealing	12,000	12,000	-
Highway structures	18,000	9,186	(8,814)
Highway contractors	20,000	26,082	6,082
Grant expenditures	<u>17,000</u>	<u>23,591</u>	<u>6,591</u>
Total road maintenance	<u>289,250</u>	<u>296,706</u>	<u>7,456</u>
Total expenditures	<u>775,900</u>	<u>744,081</u>	<u>(31,819)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	<u>227,100</u>	<u>298,196</u>	<u>71,096</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from insurance reimbursements	-	5,783	5,783
Transfers in (out)	<u>(295,000)</u>	<u>(295,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(295,000)</u>	<u>(289,217)</u>	<u>5,783</u>
NET CHANGE IN FUND BALANCE	\$ <u>(67,900)</u>	\$ <u>8,979</u>	\$ <u>76,879</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, 2023**

	<u>Old School House Fund</u>
<b>ASSETS:</b>	
Current assets -	
Cash and cash equivalents	\$ 67,967
Lease receivable	111,209
Due from other funds	58
Prepaid expenses	<u>1,249</u>
Total current assets	<u>180,483</u>
Noncurrent assets -	
Capital assets	
Building	250,000
Building improvements	291,891
less - accumulated depreciation	<u>(395,219)</u>
Total noncurrent assets	<u>146,672</u>
Total assets	<u>327,155</u>
 <b>LIABILITIES:</b>	
Current liabilities -	
Accounts payable	50
Deposits payable	2,511
Advanced rental income	<u>2,511</u>
Total current liabilities	<u>5,072</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows - lease receivable	<u>109,439</u>
 <b>NET POSITION:</b>	
Invested in capital assets	146,672
Unrestricted	<u>65,972</u>
Total net position	\$ <u><u>212,644</u></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, 2023**

	<u>Old School House Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ <u>27,360</u>
<b>OPERATING EXPENSES:</b>	
Repairs and maintenance	7,626
Insurance	5,255
School district debt service	2,377
Depreciation	<u>9,987</u>
Total operating expenses	<u>25,245</u>
Operating income (loss)	2,115
<b>NONOPERATING REVENUES:</b>	
Investment income	<u>4,691</u>
CHANGE IN NET POSITION	6,806
NET POSITION, July 1, 2022	<u>205,838</u>
NET POSITION, June 30, 2023	\$ <u><u>212,644</u></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, 2023**

	<u>Old School House Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 25,590
Cash payments for goods and services	<u>(13,748)</u>
Net cash provided (used) by operating activities	<u>11,842</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Net change in due to other funds	<u>(58)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>4,691</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,475
CASH AND CASH EQUIVALENTS, July 1, 2022	<u>51,492</u>
CASH AND CASH EQUIVALENTS, June 30, 2023	\$ <u>67,967</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 2,115
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	9,987
Change in the following assets/liabilities:	
Lease receivable	(111,209)
Deferred inflows - lease receivable	109,439
Prepaid expenses	130
Deposit payable	1,911
Accounts payable	<u>(531)</u>
Net cash provided (used) by operating activities	\$ <u>11,842</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, 2023**

	Trustees of Public Funds <u>Fund</u>	Ashley Community Forest <u>Fund</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,011	\$ 18,264
Investments	<u>41,298</u>	<u>-</u>
Total assets	<u>42,309</u>	<u>18,264</u>
 <b>LIABILITIES:</b>		
Forest advance	<u>-</u>	<u>18,264</u>
 <b>NET POSITION:</b>		
Held in trust for specific purposes	\$ <u>42,308</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, 2023**

	<u>Trustees of Public Funds Fund</u>	<u>Ashley Community Forest Fund</u>
<b>ADDITIONS:</b>		
Interest	\$ 84	\$ -
Intergovernmental	<u>-</u>	<u>320</u>
	<u>84</u>	<u>320</u>
<b>DEDUCTIONS:</b>		
Expenses	<u>-</u>	<u>320</u>
 CHANGE IN NET POSITION	 84	 -
 NET POSITION, July 1, 2022	 <u>42,224</u>	 <u>-</u>
 NET POSITION, June 30, 2023	 3 <u>42,308</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, 2023**

**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, 2023**

**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, 2023**

**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 1<sup>st</sup>. 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, 2023, were payable in two installments due September 14, 2022 and February 15, 2023.

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, 2023**

**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, 2023**

**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, 2023, are as follows:

Certificate of deposit	\$ 94,063
U.S. Treasury securities	237,392
Corporate stock	<u>77,551</u>
	\$ <u>409,006</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, 2023, 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, 2023, are as follows:

**TOWN OF SHARON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**2. Deposits and investments (continued):**

	Fair Value	Investment Maturity	
		Less than One Year	1 to 5 Years
Certificate of deposit	\$ 94,063	\$ 94,063	\$ -
U.S. Treasury securities	<u>237,392</u>	<u>44,841</u>	<u>192,551</u>
	\$ <u>331,455</u>	\$ <u>138,904</u>	\$ <u>192,551</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, 2023, 58% are in U.S. Treasury Securities, 19% are in shares of corporate stock and 23% are in certificates of deposit.

**3. Capital assets:**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
<b>Governmental activities -</b>				
Capital assets, not depreciated:				
Land	\$ 442,810	\$ -	\$ -	\$ 442,810
Art	3,700	-	-	3,700
Construction in progress	<u>3,460</u>	<u>10,250</u>	<u>3,460</u>	<u>10,250</u>
Total capital assets, not depreciated	<u>449,970</u>	<u>10,250</u>	<u>3,460</u>	<u>456,760</u>
Capital assets, depreciated:				
Buildings and building improvements	529,522	34,604	-	564,126
Equipment and furniture	175,696	39,942	-	215,638
Vehicles	1,487,924	-	-	1,487,924
Infrastructure	<u>6,040,421</u>	<u>29,750</u>	-	<u>6,070,171</u>
Total capital assets, depreciated	<u>8,233,563</u>	<u>104,296</u>	-	<u>8,337,859</u>
Less accumulated depreciation for:				
Buildings and building improvements	180,937	11,121	-	192,058
Equipment and furniture	150,586	4,092	-	154,678
Vehicles	536,380	157,587	-	693,967
Infrastructure	<u>1,581,207</u>	<u>130,586</u>	-	<u>1,711,793</u>
Total accumulated depreciation	<u>2,449,110</u>	<u>303,386</u>	-	<u>2,752,496</u>
Total capital assets, depreciated, net	<u>5,784,453</u>	<u>(199,090)</u>	-	<u>5,585,363</u>
Capital assets, net	\$ <u>6,234,423</u>	\$ <u>(188,840)</u>	\$ <u>3,460</u>	\$ <u>6,042,123</u>

**TOWN OF SHARON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**3. Capital assets (continued):**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Business-type activities -</b>				
Capital assets, depreciated:				
Buildings	\$ 250,000	\$ -	\$ -	\$ 250,000
Building improvements	<u>291,891</u>	<u>-</u>	<u>-</u>	<u>291,891</u>
Total capital assets, depreciated	541,891	-	-	541,891
Less accumulated depreciation for:				
Buildings and building improvements	<u>385,232</u>	<u>9,987</u>	<u>-</u>	<u>395,219</u>
Capital assets, net	\$ <u>156,659</u>	\$ <u>(9,987)</u>	\$ <u>-</u>	\$ <u>146,672</u>

Depreciation expense of \$303,386 in the governmental activities was allocated to the expenses of the general government (\$7,527), highways and streets (\$286,928), and public safety (\$8,931) programs based on capital assets assigned to those functions. Depreciation expense of \$9,987 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, 2023, were as follows:

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
<b>Governmental funds -</b>		
General Fund	\$ -	\$ 1,276,736
Highway Fund	268,363	-
ARPA Grant Fund	379,416	-
Capital Reserve Fund	424,445	-
Town Equipment Fund	60,249	-
Other Governmental Funds	<u>147,205</u>	<u>3,000</u>
	<u>1,279,678</u>	<u>1,279,736</u>
<b>Proprietary funds -</b>		
Old School House Fund	<u>58</u>	<u>-</u>
	\$ <u>1,279,736</u>	\$ <u>1,279,736</u>

**TOWN OF SHARON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental funds -</b>		
General Fund	\$ -	\$ 116,581
Highway Fund	-	295,000
Capital Reserve Fund	244,000	-
Town Equipment Fund	130,000	-
Other Governmental Funds	<u>37,581</u>	<u>-</u>
	<u>\$ 411,581</u>	<u>\$ 411,581</u>

Transfers to the Capital Reserve Fund from the General Fund and Highway Fund in the amounts of \$79,000 and \$165,000, 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 \$130,000 was to fund the reserve as approved by voters through the annual budget.

Transfers to the Other Governmental Funds from the General Fund of \$37,581 were to fund the Baxter Library as approved by voters through the annual budget, and to fund the Legal Reserve Fund, Recreation Fund, and Records Preservation Fund.

**6. Long-term obligations:**

Long term obligations activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u>		<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2022</u>	<u>Additions</u>	<u>June 30, 2023</u>	<u>One Year</u>
<b>Governmental activities -</b>				
Accrued compensated absences	\$ 41,145	\$ -	\$ 26,878	\$ 11,633
Long-term debt	1,348,113	-	1,126,113	189,000
Net pension liability	<u>133,449</u>	<u>155,148</u>	<u>288,597</u>	<u>-</u>
	<u>\$ 1,522,707</u>	<u>\$ 155,148</u>	<u>\$ 1,441,588</u>	<u>\$ 200,633</u>

**TOWN OF SHARON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**7. Debt:**

Long-term - Outstanding long-term debt as of June 30, 2023, is as follows:

**Governmental activities - notes from direct borrowings:**

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.	\$ 9,000
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.	32,000
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.	85,113
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.	120,000
General obligation note, Vermont Municipal Bond Bank - 2020 Series 1, various interest rates, annual principal payment of \$110,000 due November 2030.	<u>880,000</u>
	<u>\$ 1,126,113</u>

Long-term debt activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities-</b>					
Notes from direct borrowings:					
2018 Highway Truck	\$ 24,000	\$ -	\$ 24,000	\$ -	\$ -
2018 Backhoe	27,000	-	18,000	9,000	9,000
2020 Highway Truck	48,000	-	16,000	32,000	16,000
2022 Highway Truck	109,113	-	24,000	85,113	24,000
2023 Highway Truck	150,000	-	30,000	120,000	30,000
VMBB 2020 Series 1	<u>990,000</u>	<u>-</u>	<u>110,000</u>	<u>880,000</u>	<u>110,000</u>
	<u>\$ 1,348,113</u>	<u>\$ -</u>	<u>\$ 222,000</u>	<u>\$ 1,126,113</u>	<u>\$ 189,000</u>

Debt service requirements to maturity are as follows:

Year ending June 30,	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 189,000	\$ 17,199
2025	180,000	14,197
2026	164,000	11,359
2027	153,113	8,750
2028	<u>440,000</u>	<u>16,202</u>
	<u>\$ 1,126,113</u>	<u>\$ 67,707</u>

**TOWN OF SHARON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**7. Debt (continued):**

Subsequent to year end, the Town obtained a line of credit in the form of a 3.99% current expense note in the amount of \$700,000 which matures on October 3, 2024.

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, 2027. As of June 30, 2023, the Town has recorded a lease receivable of \$111,209, and deferred inflows of resources of \$109,439 in accordance with GASB Statement No. 87.

**9. Budgeted deficit:**

The voters approved a budget for the year ended June 30, 2023, with deficits of \$87,348 and \$67,900 in the General Fund and Highway Fund, respectively, to utilize a portion of the prior year surplus fund balance.

**10. 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 3.5% (Group A), 5.875% (Group B), 11.00% (Group C) or 12.35% (Group D) of their annual covered salary, and the Town is required to contribute 5.00% (Group A), 6.50% (Group B), 8.25% (Group C) or 10.85% (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, 2023, 2022, and 2021, \$25,042, \$23,801, and \$20,159, respectively. The amounts contributed were equal to the required contributions for each year.

**TOWN OF SHARON, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**10. Pension plan (continued):**

Vermont Municipal Employees' Retirement System (continued) -

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 0.0951% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 288,597
Deferred outflows of resources - Deferred pension expense	\$ 119,938
Deferred inflows of resources - Deferred pension credits	\$ 4,644

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.

**11. 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.

**12. Subsequent events:**

The Town has evaluated subsequent events through November 1, 2023, the date on which the financial statements were available to be issued.

Subsequent to year end, on July 10, 2023, the Town endured harsh weather and significant flooding. As of the date of this report, the Town anticipates expenditures related to damages incurred to be estimated at \$375,000. These expenditures are eligible for financial assistance from the Federal Emergency Management Agency (FEMA), the Federal Highway Administration (FHWA), and the State of Vermont.

**TOWN OF SHARON, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

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
<b>ASSETS</b>												
Cash and cash equivalents	\$ 3,361	\$ 79	\$ 256	\$ 1,002	\$ 5,588	\$ -	\$ -	\$ -	\$ -	\$ 22,304	\$ -	\$ 32,590
Investments	-	-	-	-	-	-	-	-	40,113	90,203	-	130,316
Due from other funds	-	-	-	-	-	6,011	96,368	32,679	-	-	12,147	147,205
Total assets	\$ <u>3,361</u>	\$ <u>79</u>	\$ <u>256</u>	\$ <u>1,002</u>	\$ <u>5,588</u>	\$ <u>6,011</u>	\$ <u>96,368</u>	\$ <u>32,679</u>	\$ <u>40,113</u>	\$ <u>112,507</u>	\$ <u>12,147</u>	\$ <u>310,111</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>												
<b>LIABILITIES:</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 395	\$ -	\$ 645
Accrued expenditures	-	-	-	-	-	-	-	-	-	1,327	-	1,327
Decommission escrow	-	-	-	-	-	-	-	-	40,113	-	-	40,113
Due to other funds	-	-	-	-	3,000	-	-	-	-	-	-	3,000
Total liabilities	-	-	-	-	3,250	-	-	-	40,113	1,722	-	45,085
<b>DEFERRED INFLOWS OF RESOURCES:</b>												
Deferred grant revenue	-	-	-	-	-	-	-	-	-	3,970	7,064	11,034
<b>FUND EQUITY:</b>												
Fund balances -												
Nonspendable	-	-	250	-	-	-	-	-	-	3,000	-	3,250
Restricted	3,361	79	6	1,002	2,338	6,011	96,368	32,679	-	103,815	5,083	250,742
Total fund balances	3,361	79	256	1,002	2,338	6,011	96,368	32,679	-	106,815	5,083	253,992
Total liabilities, deferred inflows of resources and fund equity												
	\$ <u>3,361</u>	\$ <u>79</u>	\$ <u>256</u>	\$ <u>1,002</u>	\$ <u>5,588</u>	\$ <u>6,011</u>	\$ <u>96,368</u>	\$ <u>32,679</u>	\$ <u>40,113</u>	\$ <u>112,507</u>	\$ <u>12,147</u>	\$ <u>310,111</u>

**TOWN OF SHARON, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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
<b>REVENUES:</b>												
Intergovernmental -												
State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,629	\$ -	\$ -	\$ -	\$ -	\$ 7,629
Contributions	2,000	-	-	-	-	-	-	-	-	14,093	-	16,093
Investment income (loss)	-	-	-	1	1	11	179	57	-	(11,332)	7	(11,076)
Charges for services	-	-	-	-	5,436	-	-	-	-	-	-	5,436
Miscellaneous	-	-	-	-	-	-	-	-	-	205	-	205
Total revenues	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>5,437</u>	<u>11</u>	<u>7,808</u>	<u>57</u>	<u>-</u>	<u>2,966</u>	<u>7</u>	<u>18,287</u>
<b>EXPENDITURES:</b>												
Culture and recreation	-	-	-	-	9,863	-	-	-	-	48,499	-	58,362
EXCESS OF REVENUES OR (EXPENDITURES)	2,000	-	-	1	(4,426)	11	7,808	57	-	(45,533)	7	(40,075)
<b>OTHER FINANCING SOURCES (USES):</b>												
Transfers in (out)	-	-	-	-	4,000	1,000	-	4,096	-	28,485	-	37,581
NET CHANGE IN FUND BALANCES	2,000	-	-	1	(426)	1,011	7,808	4,153	-	(17,048)	7	(2,494)
FUND BALANCES, July 1, 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>
FUND BALANCES, June 30, 2023	\$ <u>3,361</u>	\$ <u>79</u>	\$ <u>256</u>	\$ <u>1,002</u>	\$ <u>2,338</u>	\$ <u>6,011</u>	\$ <u>96,368</u>	\$ <u>32,679</u>	\$ <u>-</u>	\$ <u>106,815</u>	\$ <u>5,083</u>	\$ <u>253,992</u>

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

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY  
VMERS  
JUNE 30, 2023**

Schedule 3

	June 30, <u>2023</u>	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	0.0951%	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	\$ 288,597	\$ 133,449	\$ 226,450	\$ 170,231	\$ 110,470	\$ 117,127	\$ 112,888	\$ 82,715	\$ 7,721
Town's covered payroll	\$ 385,257	\$ 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	74.910%	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	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**SCHEDULE OF TOWN'S CONTRIBUTIONS  
VMERS  
JUNE 30, 2023**

Schedule 4

	June 30, <u>2023</u>	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	\$ 25,042	\$ 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>25,042</u>	<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>	\$ <u>-</u>
Town's covered payroll	\$ 385,257	\$ 380,820	\$ 335,977	\$ 322,650	\$ 335,154	\$ 250,086	\$ 287,052	\$ 242,393	\$ 278,820
Contributions as a percentage of covered payroll	6.500%	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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 1, 2023.

**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  
November 1, 2023

*Melgett Jennett* <sup>9</sup>  
*Shosh-Nisa, P.L.*