

New Issue**Rating: (See “Rating” herein.)**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Bonds are “qualified tax-exempt obligations”; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B – “Opinion of Bond Counsel and Tax Exemption” herein.

\$7,235,000

**TOWN OF SHARON, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2011
BOOK-ENTRY-ONLY**

Dated: August 1, 2011**Due: Serially, August 1, 2013–2026**

Due	Amount	Interest Rate	Yield	CUSIP Number	Due	Amount	Interest Rate	Yield	CUSIP Number
2013	\$530,000			819598	2020	\$525,000			819598
2014	530,000			819598	2021	500,000			819598
2015	530,000			819598	2022	500,000			819598
2016	530,000			819598	2023	500,000			819598
2017	530,000			819598	2024	500,000			819598
2018	530,000			819598	2025	500,000			819598
2019	530,000			819598	2026	500,000			819598

Interest on the Bonds will be payable semiannually on the first day of February and August of each year, commencing February 1, 2012. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See “Book-entry-only System” herein.

The Bonds are subject to optional redemption prior to maturity as described herein. See “Optional Redemption” herein.

ELECTRONIC PROPOSALS via PARITY® will be received until 11:30 A.M. (E.D.T.) for the Bonds on Wednesday, July 20, 2011. The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive form will be made on or about August 2, 2011 through the facilities of DTC.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Financial Advisor

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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ISSUE SUMMARY

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

Issuer:	Town of Sharon, Connecticut (the “Town”)
Issue:	\$7,235,000 General Obligation Bonds, Issue of 2011, book-entry only (the “Bonds”)
Financial Advisor:	Webster Bank, National Association
Date of Sale:	Electronic proposals via PARITY® on Wednesday, July 20, 2011, until 11:30 A.M. (E.D.T.)
Dated Date:	August 1, 2011
Interest Date:	Each February 1 and August 1, commencing February 1, 2012
Principal Due:	Serially, August 1, 2013 through August 1, 2026, as detailed in this Official Statement
Purpose:	The Bonds are being issued to finance the acquisition of land for a waste transfer station site, soil remediation at the Town Highway Department and road improvements. See “Authorization and Purpose” herein.
Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein under “Optional Redemption.”
Security:	The Bonds will be general obligations of the Town of Sharon, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.
Bank Qualification:	The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Credit Rating:	Application has been made to Moody’s Investors Service for a rating on the Bonds.
Credit Enhancement:	The Town does not expect to direct purchase a credit enhancement to provide for the payment of the principal of or interest on the Bonds.
Tax Exemption:	See Appendix B – “Opinion of Bond Counsel and Tax Exemption” herein.
Certifying Agent, Registrar, Transfer Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103, ctmuniservices@usbank.com
Legal Opinion:	Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery:	It is expected that delivery of the Bonds in book-entry-only form through the facilities of DTC will be made on or about August 2, 2011.

**Final Official
Statement:**

This Official Statement is in a form “deemed final” by the Town for the purposes of SEC Rule 15c2-12(b)(1).

**Continuing
Disclosure:**

See Appendix C – “Form of Continuing Disclosure Agreement for Bonds” herein.

For additional copies of the Official Statement or requests for additional information, please contact Barry J. Bernabe, Vice President, Webster Bank, National Association, CityPlace II, 185 Asylum Street, Hartford, Connecticut 06103, telephone (203) 578-2203.

INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Sharon, Connecticut (the "Town") in connection with the sale of \$7,235,000 General Obligation Bonds, Issue of 2011 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale for the Bonds dated July 11, 2011 has been furnished to prospective bidders. Reference is made to the Notice of Sale which is included as Appendix D for the terms and conditions of the bidding.

The successful bidder for the Bonds may add a separate page on the front of this Official Statement to indicate its name, the Bond offering prices, the interest rate per annum on the Bonds, information regarding ratings and insurance (if any), and any other information which the successful bidder deems appropriate.

The Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds, and if given or made, such information or representation must not be relied upon. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

The information in this Official Statement has been prepared by the Town's financial advisor, Webster Bank, National Association (the "Bank"), from information supplied by the Town's officials and other sources as indicated. The Bank does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. An agreement between the Town and the Bank has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23.

U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent, and Paying Agent for the Bonds.

Set forth in Appendix A - "Audited Financial Statements" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B - "Opinion of Bond Counsel and Tax Exemption" herein), and they make no representation that they have independently verified the same.

SECTION I - SECURITIES OFFERED

Description of the Bonds

The Bonds are being offered for sale at public bidding. A Notice of Sale for the Bonds dated July 11, 2011, a copy of which is included as Appendix D herein, had been furnished to prospective bidders. Reference is made to the Notice of Sale for the Bonds for the terms and conditions of the bidding.

The Bonds will be dated August 1, 2011 and will mature on August 1 of the years and in the principal amounts as follows:

<u>Due August 1</u>	<u>Principal Amount</u>	<u>Due August 1</u>	<u>Principal Amount</u>
2013	\$530,000	2020	\$525,000
2014	530,000	2021	500,000
2015	530,000	2022	500,000
2016	530,000	2023	500,000
2017	530,000	2024	500,000
2018	530,000	2025	500,000
2019	530,000	2026	500,000

Interest on the Bonds will be payable semiannually on the first day of February and August of each year, commencing February 1, 2012. Interest will be calculated on the basis of a 30-day month and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. National Association.

The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.

Authorization and Purpose

Resource Recovery Site Acquisition: Bonds are being issued pursuant to an appropriation and borrowing authorization totaling \$760,000 to fund the Town's share of the costs of acquisition of parcels of land transferred to the Salisbury-Sharon Resource Recovery Authority for use as a waste transfer station site approved by Special Town Meeting held April 17, 2009.

Road Improvements: Bonds are being issued pursuant to an appropriation and borrowing authorization totaling \$6,280,000 to fund costs in connection with road preservation, repair and rehabilitation on various Town roads. approved by Special Town Meeting held August 27, 2010.

Soil remediation: Bonds are being issued pursuant to an appropriation and borrowing authorization totaling \$280,000 to refinance a promissory note, the proceeds of which were applied to soil remediation at the Town Highway Department site. approved by the Board of Selectmen at its regular meetings held August 11, 2010 and July 8, 2011.

Use of Proceeds

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Notes Maturing</u>	<u>New Money (Paydowns)</u>	<u>This Issue</u>
Waste transfer site acquisition	\$ 760,000	\$-	\$ 760,000	\$(39,000)	\$ 721,000
Road improvements	6,280,000	-	5,766,000	514,000	6,280,000
Highway Department soil remediation	280,000	-	234,000	-	234,000
Total		\$-	\$6,760,000	\$475,000	\$7,235,000

Optional Redemption

The Bonds maturing on or before August 1, 2018 are not subject to redemption prior to maturity. The Bonds maturing on and after August 1, 2019 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2018, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine at the following redemption price, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2018 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of any Bonds designated for redemption in whole or in part, at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Rating

Application has been made to Moody's Investors Service for a rating on the Bonds. The Town furnished to the rating agency certain information and materials, some of which may not have been included in this Official Statement. A rating, if obtained, will reflect only the view of the rating agency and will be subject to revision or withdrawal, which could affect the market price of the Bonds. The rating agency should be contacted directly for its rating on the Bonds and the explanation of such rating.

Credit Enhancement

The Town does not expect to direct purchase a credit enhancement to provide for the payment of the principal of or interest on the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town of Sharon, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were, however, no such acres of such certified forest land on the last completed grand list of the Town. The Town may place a lien on the property for the amount of tax relief granted, plus interest., with respect to dwelling houses of qualified elderly person of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-entry-only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This

eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bond, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds, DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECTION II - THE ISSUER

Description of the Town

The Town of Sharon was incorporated in October 1739 and held its first Town Meeting on December 11, 1739. The Town covers 60.3 square miles and has a population of 2,782 according to 2010 Census data. Sharon is located in the northwestern corner of the state in Litchfield County and is bordered by the state of New York on the west and the Towns of Salisbury to the north, Cornwall to the east, and Kent to the south. The Town is served by Connecticut highway routes 4, 41, 343 and 361 as well as U.S. Route 7.

Sharon and its neighboring towns were once characterized as the arsenal of the American Revolution. For nearly 200 years the Town of Sharon was part of a major industrial area consisting of the northwestern corner of the State of Connecticut and immediately surrounding area in the States of New York and Massachusetts. It was practical to produce pig iron in Sharon, which had needed resources at hand: iron ore from Salisbury, limestone and charcoal. Sharon once prospered in agriculture, iron founding, and manufacturing, where products ranged from mousetraps to the Hotchkiss-rifled cannon projectile. Except for farming, the old industries have now almost vanished.

Presently, approximately 20% of housing units are occupied part-time as second homes by metropolitan New York City residents. Nearly 25% of residents employed locally are in occupations providing services to private estates or working in other service industries. There are several cottage industries and mail-order companies producing and selling small specialty items.

Natural resources within the Town of Sharon include the Housatonic River, which runs along the entire eastern boundary of the Town; Audubon Center, which is a 1,200-acre sanctuary of the Audubon Society; Housatonic State Forest consisting of a 9,607-acre recreation area; and the Housatonic Meadows State Park consisting of 452 acres providing fishing, hiking, camping and picnicking facilities.

A special attraction within the Town is the Tri-Arts Theatre. The Town is also known for its one-and-one-half mile long village green bordered by historic homes dating back to 1739.

The Sharon school system serves grades pre-kindergarten through eight. Grades nine through twelve are served through Regional School District Number One, which also serves the Towns of Canaan, Cornwall, Kent, North Canaan and Salisbury. Students in grades nine through twelve may also attend Oliver Wolcott Technical School.

There are no separate taxing districts or coterminous entities within the territorial limits of the Town of Sharon. Regional School District Number One is the only overlapping governmental entity for financial statement reporting purposes.

Government Organization

The Town of Sharon has a Town Meeting form of government with a Board of Selectmen consisting of three elected members serving concurrent two-year terms and a Board of Finance consisting of six elected regular members serving overlapping four-year terms and two alternates, one serving a four-year term and one serving a six-year term. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes. Sharon does not have a charter. The Town Meeting is the legislative body and must approve the annual budget, all special appropriations or expenditures over \$20,000, and all bond and note authorizations (except for refunding bond authorizations which, by statute, may be approved by the Board of Selectmen). The First Selectman, who is a member of the Board of Selectmen, is the Chief Executive Officer of the Town and is responsible for the administration of all Town matters with the exception of the educational system. Presiding over the Board of Selectmen, the First Selectman has full voting privileges.

The Board of Finance is the budget-making authority and is responsible for financial and taxation matters, presenting the annual fiscal budget to the Annual Town Meeting for its approval and establishing the tax rate.

The local Board of Education, which is an elected seven-member board, is the policy-making body for all public education for grades pre-kindergarten through eight. The Superintendent of Schools is directly responsible to

the Board of Education for the supervision and administration of the education system for the Town of Sharon. Grades nine through twelve are served by Regional School District Number One, which is administered by a regional school board composed of one elector from each of its member towns—Canaan, Cornwall, Kent, North Canaan, Salisbury and Sharon. The District is a separate and distinct organization operating under State legislation and is responsible for adoption of capital and operating budgets.

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

Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>
First Selectman	Robert Loucks	Elected/2 years	1¾ years
Selectman	John Mathews	Elected/2 years	18 years
Selectman	Margaret Szalewicz	Elected/2 years	1¾ years
Town Clerk	Linda Amerighi	Elected/2 years	22 years
Treasurer	Tina Pitcher	Elected/2 years	4 years
Tax Collector	Donna Christensen	Elected/2 years	10 years
Superintendent of Schools	Patricia Chamberlain	Appointed	7 years

Municipal Services

Public Safety: Police protection is provided by Troop B, North Canaan, of the Connecticut State Police.

Fire protection is provided by the Sharon Volunteer Fire Department, a volunteer fire department with 70 members who attend regular drills and training sessions. The department has two fire stations equipped with eight fire trucks and is managed by a Board of Directors elected by the Department membership. Funding is primarily from fundraisers and contributions.

Ambulance service is provided by the Sharon Fire Department with 27 certified Emergency Medical Technicians. The squad is managed by its officers who are elected by its membership. Funding is primarily from fundraisers and contributions.

Public Health: The Town of Sharon is serviced by the Sharon Hospital and the Charlotte Hungerford Hospital in Torrington, as well as three major hospitals in Hartford and one major hospital in Poughkeepsie, New York, VNA Northwest, Inc., Community Mental Health Affiliates Northwest Center and Salisbury Visiting Nurses Association. The visiting nurse agency provides nursing, physical therapy, speech therapy, and maternal/child health and adult health visits as well as home health aides, child health clinics, and blood pressure screening. Programs administered by the mental health agency are child guidance, which provides psychological assessment and individual and family counseling to all youth in need and their families; Housatonic Clinic, which provides psychological and psychiatric assessments to all adults in need; Elderly Outreach Program; Mental Health Outreach Program; Parent Aide Program; and Youth Crisis Program. Programs are also available through the Housatonic Youth Service Bureau.

Sewer/Water: The majority of the Town does not have public sewer or water systems available. Such properties are served by private on-site septic systems and wells.

The Town's appointed Sewer and Water Commission manages the public water facilities serving the central village and commercial areas. There are 404 customers served by the water system and 150 sewer users. United Water is under contract to provide day-to-day operation and maintenance of both systems.

The Rural Development/USDA sewer system improvement project was completed in 2009. Sewer mains along Main Street, North Main Street and West Main Street were relined. New sewer main lines were installed at upper Main Street and Hospital Hill Road. At the sewer plant on King Hill Road, all septic tanks and

distribution boxes were replaced and a new siphon chamber was installed. The sewer system serves the central village and commercial areas.

The STEAP grant Calkinstown Dam project was completed in 2010. The basin area was dredged, and all critical areas were rip-rapped. The valve intake structure was replaced, as was intake headwall and spillway.

The sewer and water system is accounted for through an Enterprise Fund that is used to report operating and capital expenses which are financed or recovered primarily through user charges.

Library: The Hotchkiss Library, a private library founded in 1893 by the Hotchkiss family, provides full library services to Town residents. The library is funded primarily through a trust fund, fund-raising efforts, and contributions. The Town's 2011-12 General Fund appropriation to the Library is \$50,000.

Recreation: The appointed Board of Recreation and Youth manages recreation facilities and programs for children and young adults. Organized programs include baseball, basketball, tennis, soccer, skating, and softball. The Town owns and maintains Veterans Field, which includes recreation facilities for organized programs, tennis courts, a pavilion available for use and a storage building. Indoor swimming and walking are available at the Hotchkiss School.

The Town Beach, which is located on Silver Lake, is managed by the Board of Recreation and Youth. The facility includes a pavilion-beach house, rest rooms, playground, and maintenance and equipment storage building. Programs include swimming lessons, swimming teams, and the Little Rascals Camp.

The Community Hall is managed by the Board of Recreation and Youth and is under the direction of a full-time director, whose office is in the Hall. Summer camps are held at the Hall. Various groups that use the Hall on a regular basis include scouts, after school enrichment, the Radio Club, a men's group, a bridge group and occasional birthday and sports parties.

Solid Waste and Refuse Collection: Solid waste is collected by private contractors or residents and hauled to the transfer station operated by the Salisbury-Sharon Resource Recovery Authority, where it is combined with waste from the Town of Salisbury and transferred to the Torrington Transfer Station to be delivered to the Connecticut Resources Recovery Authority ("CRRA") facility at the Mid-Connecticut plant in Hartford. The Town has a 12-year contract with CRRA expiring in 2012 to accept and deliver solid waste generated by the Town of Sharon on a contractual basis at the same cost per ton as participating member towns. The cost is not to exceed \$63.00 per ton for fiscal year 2011-12. Rates are subject to annual review and adjustment. The contract does not establish Sharon as a participating member town but it does establish a minimum tonnage requirement of 3,280 tons per year for the combined Towns of Sharon and Salisbury. The Town is currently negotiating to extend the contract.

Housing: The Sharon Housing Authority manages 20 moderate housing units and is in the process of adding 12 more units. An Enterprise Fund is used to account for operations, and the costs of goods and services are financed or recovered primarily through revenue from rents.

Principal Public Facilities

<u>Facility</u>	<u>Year Constructed</u>	<u>Date of Last Renovations</u>	<u>Type of Construction</u>	<u>Planned Major Improvements</u>
Center School	1929	1992	Masonry	None
Town Hall	1875	1996	Masonry	None
Community Hall	1920s	-	Wood frame	2013
Town Garage	1970s	1983	Steel	None
Salt/Sand Shed	1987	-	Steel	None

Educational System

The Sharon public school system serves grades kindergarten through eight and is governed by the local Board of Education. Sharon has a seven-member Board of Education elected to four-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring funds for education as appropriated by the Town are properly expended, implementation of both state and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has one school, Sharon Center School, for grades pre-kindergarten through eight. Enrollment in the system as of October 1, 2010 was 198 with a design capacity of 425.

Regional School District Number One (the "District") was organized in 1937 under the provisions of the Connecticut General Statutes after approval by the voters of Canaan, Cornwall, Kent, North Canaan, Salisbury and Sharon (the "Member Towns"). The District is administered by a regional school board, composed of one representative from each town belonging to the District. The regional school representative from each town may be appointed by the board of education of such town or may be elected by electors of such town.

The District provides educational facilities for grades 9 through 12 for the Member Towns. After adoption of the annual budget by the voters of the District, the regional school board determines the amount of the total budgetary appropriation to be paid by each Member Town, such amount to be prorated among the Member Towns on the basis of the enrollment for the prior October 1.

The District's operating and debt service expenses are paid from tuition reimbursement and bond subsidy and from miscellaneous revenues such as rentals and tuition students, and by Member Towns in proportion to the number of students attending the school. For fiscal year 2011-12, the budgeted assessments are: Canaan 10.53%, Cornwall 9.54%, Kent 15.51%, North Canaan 25.25%, Salisbury 18.89%, and Sharon 20.28%.

Under the provisions of Section 10-63f of the Connecticut General Statutes, the withdrawal of a town from a regional school district or the dissolution of a regional school district shall not impair the obligation of the withdrawing town or the regional school district to the holders of district bonds or other outstanding indebtedness issued prior to withdrawal or dissolution.

Section 10-51a of the Connecticut General Statutes provides that if a town fails to include in its annual town budget the amount necessary to pay its proportionate share of the annual regional school district budget, a petition may be filed with the Superior Court to determine the amount of the alleged deficiency. If such a deficiency is found to exist, the Superior Court shall order the town to provide a sum equal to such deficiency, together with a sum of money equal to twenty-five percent thereof. The amount of the deficiency shall be paid by the town to the regional school district as soon as it is available; the additional sum of twenty-five percent shall be kept in a separate account by such town and shall be applied toward payment of such town's share of the annual budget of the regional school district in the following year. If the annual tax rate of such town has been fixed, the sums shall be provided by the town from any available cash surplus, from any contingent fund, from borrowing, from a supplemental tax, or from any combination thereof.

School Enrollment

<u>As of October 1</u>	<u>Grades Pre-K-8</u>	<u>Grades 9-12¹</u>	<u>Total</u>
<i>Historical</i>			
2004	248	110	358
2005	232	114	346
2006	220	108	328
2007	219	115	334
2008	196	117	313
2009	205	101	306
2010	198	101	299
<i>Projected</i>			
2011	197	93	290
2012	199	77	276
2013	195	80	275

¹Sharon students attending Regional School District Number One, Housatonic Valley Regional High School.

Municipal Employees¹

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government	23	23	23	23	23
Local Board of Education	<u>39</u>	<u>39</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total	62	62	63	63	63

¹ Full-time equivalent.

Employees Bargaining Organizations

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
Public Works	Teamsters Local 677	7	6/30/12
Teachers	Northwest Connecticut Education Association	23	6/30/12

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - DEMOGRAPHIC AND ECONOMIC DATA SECTION

Current Economic Information

The Town of Sharon continues to enjoy a stable economy and is not overly dependent on any single large taxpayer or employer. The Town's largest single industry is private health care services provided by the Sharon Hospital and peripheral medical services entities. Sharon Hospital recently converted to a for-profit entity and was purchased by Essent Health Care.

The Town is known for its old spacious residential properties and 40% of its housing was built in 1939 or earlier. Less than a dozen new single family houses are constructed annually; many are valued at \$500,000 or more and are built on lots ranging from four to ten acres. Approximately 20% of dwellers are seasonal or part-time. According to the 2000 Census, nearly 20% walked to work or worked at home with a heavy concentration in the construction industry and professional sectors.

Unemployment rates are very low and wealth indicators are above state averages. The Town's unemployment rate is at about a third of the State average. As of April 1, 2011 the Town's average unemployment rate was 5.5% compared to 8.9% for the State. The Town's workforce is highly educated and over 14% of residents earn \$200,000 or over. The Town's per capita income is 158% of the State average. There is a predominance of home-based businesses providing services to local and neighboring towns' part-time dwellers as well as telecommuting of professionals working in New York City. Changes in State and national economy have little impact on the Town's economy. The Town consistently has one of the lowest tax rates in the State as reported by the State of Connecticut, Office of Policy and Management.

Population and Density

<u>Year</u>	<u>Population</u> ¹	<u>Percent Change</u>	<u>Density</u> ²
2010	2,782	(6.3)	46
2000	2,968	1.4	49
1990	2,928	11.6	49
1980	2,623	5.3	43
1970	2,491	16.3	41
1960	2,141	-	36

¹ Source: U.S. Department of Commerce, Bureau of Census, Census of Population 1960-2010.

² Source: Population per square mile: 60.3 square miles.

Age Distribution of the Population

<u>Age</u> ¹	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	117	3.9	223,344	6.5
5 to 9 years	183	6.2	244,144	7.2
10 to 14 years	208	7.0	241,587	7.1
15 to 19 years	161	5.4	216,627	6.4
20 to 24 years	89	3.0	187,571	5.5
25 to 34 years	222	7.5	451,640	13.2
35 to 44 years	502	16.9	581,049	17.1
45 to 54 years	515	17.4	480,807	14.1
55 to 59 years	191	6.4	176,961	5.2
60 to 64 years	158	5.3	131,652	3.9
65 to 74 years	294	9.9	231,565	6.8
75 to 84 years	210	7.1	174,345	5.1
85 years and over	<u>118</u>	<u>4.0</u>	<u>64,273</u>	<u>1.9</u>
Total	2,968	100.0	3,405,565	100.0
2000 median age (years) ¹	45.0	-	37.4	-
1990 median age (years) ²	41.0	-	34.4	-

Source: ¹ U.S. Department of Commerce, Bureau of Census, 2000 Census.

² U.S. Department of Commerce, Bureau of Census, 1990 Census.

Income Distribution

	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 - 9,999	13	1.7	33,423	3.8
10,000 - 14,999	11	1.4	23,593	2.7
15,000 - 24,999	41	5.3	63,262	7.1
25,000 - 34,999	52	6.7	75,413	8.5
35,000 - 49,999	135	17.3	120,134	13.6
50,000 - 74,999	164	21.0	198,924	22.5
75,000 - 99,999	144	18.5	141,981	16.0
100,000 - 149,999	98	12.6	132,177	14.9
150,000 - 199,999	11	1.4	42,472	4.8
200,000 and over	<u>110</u>	<u>14.1</u>	<u>54,368</u>	<u>6.1</u>
Total	779	100.0	885,747	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Comparative Income Measures

	<u>Town of Sharon</u>	<u>State of Connecticut</u>
Per capita income, 1999	\$45,418	\$28,766
Median family income, 1999	\$71,458	\$65,521
Median household income, 1999	\$53,000	\$53,935

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Educational Attainment
Years of School Completed - Age 25 and Over

	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	52	2.4	132,917	5.8
9th to 12th grade, no diploma	164	7.4	234,739	10.2
High school graduate	568	25.8	653,300	28.5
Some college, no degree	459	20.8	402,741	17.5
Associate's degree	160	7.3	150,926	6.6
Bachelor's degree	400	18.2	416,751	18.2
Graduate or professional degree	<u>398</u>	<u>18.1</u>	<u>304,243</u>	<u>13.2</u>
Total	2,201	100.0	2,295,617	100.0
Total high school graduate or higher	-	90.2	-	84.0
Total bachelor's degree or higher	-	36.3	-	31.4

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Labor Force Data

<u>Reporting Period Average</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>		
				<u>Town of Sharon</u>	<u>Torrington Labor Market</u>	<u>State of Connecticut</u>
May 2011	1,551	1,458	93	6.0	8.5	9.1
Annual 2010	1,543	1,447	96	6.2	8.6	9.1
Annual 2009	1,550	1,463	87	5.6	8.2	8.2
Annual 2008	1,564	1,508	56	3.6	5.2	5.6
Annual 2007	1,556	1,511	45	2.9	4.4	4.6
Annual 2006	1,552	1,513	39	2.5	4.1	4.4
Annual 2005	1,536	1,488	48	3.1	4.7	4.9
Annual 2004	1,533	1,490	43	2.8	4.9	4.9
Annual 2003	1,532	1,488	44	2.9	5.1	5.5
Annual 2002	1,524	1,489	35	2.3	4.3	4.4
Annual 2001	1,533	1,506	27	1.8	3.0	3.1

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

<u>Sector</u>	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting, and mining.....	25	1.7	7,445	0.4
Construction	183	12.2	99,913	6.0
Manufacturing	143	9.5	246,607	14.8
Wholesale trade	24	1.6	53,231	3.2
Retail trade	163	10.8	185,633	11.2
Transportation, warehousing and utilities	38	2.5	64,662	3.9
Information	62	4.1	55,202	3.3
Finance, insurance, real estate and leasing	91	6.1	163,568	9.8
Professional, scientific, management, administrative and waste management	227	15.1	168,334	10.1
Educational, health and social services	283	18.8	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	106	7.1	111,424	6.7
Other services	78	5.2	74,499	4.5
Public administration	<u>80</u>	<u>5.3</u>	<u>67,354</u>	<u>4.1</u>
Total	1,503	100.0	1,664,440	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Major Employers

The following are among the most significant employers in the Town of Sharon.

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees¹</u>
Sharon Hospital	Private hospital	425
Sharon Health Care Center	Health care	140
Town of Sharon	Municipality	62
Upcountry Services	Landscaping	24

¹Full-time equivalent.

Commute to Work 16 years of age and over

	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	1,086	73.1	1,312,700	80.0
Car pools	71	4.8	154,400	9.4
Using public transportation	52	3.5	65,827	4.0
Using other means	-	-	12,130	0.7
Walked or worked at home	<u>276</u>	<u>18.6</u>	<u>95,766</u>	<u>5.9</u>
Total	1,485	100.0	1,640,823	100.0
Mean travel to work (minutes)	30.4	-	24.4	-

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Age Distribution of Housing

<u>Household Characteristics</u>	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Built in 1939 or earlier	649	40.1	308,896	22.3
Built in 1940–1969	476	29.4	571,218	41.2
Built in 1970–1979	237	14.7	203,377	14.7
Built in 1980–1989	176	10.9	183,405	13.2
Built in 1990–1994	32	2.0	56,058	4.0
Built in 1995–March 2000	<u>47</u>	<u>2.9</u>	<u>63,021</u>	<u>4.6</u>
Total	1,617	100.0	1,385,975	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Housing Units by Type of Structure

<u>Household Characteristics</u>	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Single-family detached	1,449	89.6	816,706	58.9
Single-family attached	35	2.2	71,185	5.1
Multifamily	133	8.2	485,890	35.1
Mobile home, trailer, or other	<u>–</u>	<u>–</u>	<u>12,194</u>	<u>0.9</u>
Total	1,617	100.0	1,385,975	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Housing Unit Vacancy Rates

<u>Housing Units</u>	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Occupied housing units	1,246	77.1	1,301,670	93.9
Vacant housing units	<u>371</u>	<u>22.9¹</u>	<u>84,305</u>	<u>6.1</u>
Total units	1,617	100.0	1,385,975	100.0
Homeowner vacancy rate	–	3.1	–	1.1
Rental vacancy rate	–	2.4	–	5.6

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

¹ Approximately 20% of dwellers are seasonal or part-time residents of Sharon. Census data considers such housing units to be vacant.

Owner-occupied Housing Units

	<u>Town of Sharon</u>	<u>State of Connecticut</u>
Total owner-occupied units	957	869,729
Persons per unit	2.29	2.67
Mean number of rooms	6.2	5.6

	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
<u>Specified Owner-occupied Units</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	6	0.9	5,996	0.8
\$ 50,000 to \$ 99,999	52	7.9	85,221	11.7
\$100,000 to \$149,999	163	24.7	212,010	29.1
\$150,000 to \$199,999	161	24.4	156,397	21.5
\$200,000 to \$299,999	121	18.3	137,499	18.9
\$300,000 to \$499,999	96	14.6	79,047	10.9
\$500,000 or more	<u>61</u>	<u>9.2</u>	<u>52,074</u>	<u>7.1</u>
Total	660	100.0	728,244	100.0
Median value	\$179,400	-	\$166,900	-

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

New Construction Building Permits

<u>Fiscal Year Ended June 30</u>	<u>Number</u>	<u>Value</u>
2011	49	\$7,289,000
2010	49	7,314,750
2009	31	5,351,935
2008	52	7,158,099
2007	53	7,552,600

Number and Size of Households

	<u>Town of Sharon</u>		<u>State of Connecticut</u>	
<u>Household Characteristics</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons in households	2,819	-	3,297,626	-
Persons per household (average)	2.26	-	2.53	-
Persons per family	2.87	-	3.08	-
Family households	775	62.2	881,170	67.7
Non-family households	<u>471</u>	<u>37.8</u>	<u>420,500</u>	<u>32.3</u>
All households	1,246	100.0	1,301,670	100.0
Family households by type				
Married couple	647	83.5	676,467	76.8
Female householders, no spouse	94	12.1	157,411	17.8
Other	<u>34</u>	<u>4.4</u>	<u>47,292</u>	<u>5.4</u>
Total family households	775	100.0	881,170	100.0
Non-family households by type				
Householders living alone	388	82.4	344,224	81.9
Other	<u>83</u>	<u>17.6</u>	<u>76,276</u>	<u>18.1</u>
Total non-family households	471	100.0	420,500	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

SECTION IV - DEBT SECTION

Debt Summary As of August 2, 2011 (Pro Forma)

Outstanding Short-term Debt

The Town of Sharon does not have any outstanding short-term debt.

Outstanding Bonded Debt

<u>Dated Date</u>	<u>Final Maturity</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
12/17/99	05/31/17	Water system improvements	2.77	\$1,084,010	\$ 418,533
12/29/00	06/30/20	Water system improvements	2.60	210,000	105,886
06/29/01	12/31/20	Water system improvements	2.77	1,100,000	586,239
10/01/02	05/01/12	School refunding	2.00-3.30	2,330,000	145,000
12/15/04	12/31/23	Water system improvements	2.40	438,153	292,907
09/01/05	09/01/25	Building acquisition	4.90	500,000	400,522
10/30/09	10/30/39	Sewer improvements	4.125	934,000	902,866
08/13/10	08/13/15	School loan	2.95	250,000	250,000
10/27/10	10/27/40	Sewer improvements	4.25	700,000	691,215
08/01/11	08/01/26	This issue	-	7,235,000	<u>7,235,000</u>
		Total			\$11,028,168

Overlapping/Underlying Debt

The Town of Sharon, along with the Towns of Canaan, Cornwall, Kent, North Canaan, and Salisbury, is a member of Regional School District Number One (the "District"). See "Educational System" herein. As of August 2, 2011, the District has \$4,042,726 in bonds outstanding. For the 2011-12 fiscal year, the Town of Sharon's pro rata share of the District's outstanding net debt is 20.2783%, or \$819,796.

Regional School District Number One

<u>Dated Date</u>	<u>Purpose</u>	<u>Rate</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
01/28/98	School	4.875	\$1,263,000	\$ 582,726	01/28/18
06/01/02	School	3.375-5.00	3,700,000	2,410,000	06/01/22
03/01/06	School	3.625-5.625	1,575,000	<u>1,050,000</u>	03/01/21
Total				\$4,042,726	

The Town does not have any underlying debt.

**Annual Bonded Debt Maturity Schedule
As of August 2, 2011
(Pro Forma)**

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>This Issue</u>	<u>Cumulative Percent of Principal Retired*</u>
2012	\$ 394,042	\$ 127,166	\$ 521,208	\$ -	3.57
2013	271,611	121,194	392,805	-	6.04
2014	279,029	112,492	391,521	530,000	13.37
2015	286,670	103,567	390,237	530,000	20.78
2016	294,484	94,468	388,952	530,000	28.25
2017	234,988	84,980	319,968	530,000	35.19
2018	174,708	78,278	252,986	530,000	41.58
2019	179,464	73,238	251,702	530,000	48.01
2020	184,323	66,094	250,417	530,000	54.40
2021	140,412	60,005	200,417	525,000	60.52
2022	108,248	55,489	163,733	500,000	66.04
2023	111,326	51,122	162,448	500,000	71.58
2024	100,759	46,754	147,513	500,000	77.03
2025	89,948	42,629	132,577	500,000	82.38
2026	62,830	39,013	101,843	500,000	87.48
2027	54,058	36,684	90,742	500,000	92.51
2028	55,017	34,440	89,457	-	93.01
2029	56,116	32,058	88,174	-	93.52
2030	57,214	29,675	86,889	-	94.03
2031	58,360	27,245	85,605	-	94.56
2032	59,521	24,800	84,321	-	95.10
2033	60,804	22,232	83,036	-	95.65
2034	62,108	19,644	81,752	-	96.22
2035	63,469	16,998	80,467	-	96.79
2036	64,870	14,314	79,184	-	97.38
2037	66,373	11,526	77,899	-	97.98
2038	67,922	8,693	76,615	-	98.60
2039	69,539	5,791	75,330	-	99.23
2040	71,204	2,822	74,026	-	99.88
2041	13,751	124	13,875	-	100.00
Total	\$3,793,168	\$1,442,531	\$5,235,699	\$7,235,000	

**THE TOWN OF SHARON HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
DEBT OBLIGATIONS EITHER AS TO PRINCIPAL OR INTEREST**

Current Debt Statement
As of August 2, 2011
(Pro Forma)

Bonded debt	
General purpose (including this issue)	\$7,635,522
Schools	395,000
Sewer	1,594,081
Water	<u>1,403,565</u>
Total bonded debt	11,028,168
Short-term debt	<u>-</u>
Total direct debt	11,028,168
Less:	
Self-supporting debt	2,997,646
School construction grants receivable	<u>28,040</u>
Total net direct debt	8,002,482
Net overlapping debt – Regional School District Number One	<u>819,796</u>
Total overall net debt	\$8,822,278

Current Debt Ratios
As of August 2, 2011
(Pro Forma)

Population 2010 ¹	2,782
Net Taxable Grand List, 10/1/10	\$843,796,767
Estimated Full Value	\$1,205,423,953
Equalized Net Taxable Grand List (2008) ²	\$1,196,530,603
Money Income per Capita (1999) ³	\$45,418

	<u>Total</u> <u>Direct Debt</u>	<u>Total Net</u> <u>Direct Debt</u>	<u>Total Overall</u> <u>Net Debt</u>
Debt per Capita	\$3,964.12	\$2,876.52	\$3,171.20
Percent of Net Taxable Grand List	1.31%	0.95%	1.05%
Percent of Estimated Full Value	0.91%	0.66%	0.73%
Percent of Equalized Net Taxable Grand List	0.92%	0.67%	0.74%
Debt per Capita to Money Income per Capita	8.75%	6.33%	6.98%

¹ U.S. Department of Commerce, Bureau of Census, 2010 Census.

² State of Connecticut, Office of Policy and Management.

³ U.S. Department of Commerce, Bureau of Census, 2000 Census.

**Statement of Statutory Debt Limitation
As of August 2, 2011
(Pro Forma)**

Debt Limitation Base

Estimated total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2011 (unaudited)	<u>\$9,157,793</u>
Debt Limitation Base	<u>\$9,157,793</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit Funding</u>
Debt Limitation by Purpose					
2.25 x base	\$20,605,034				
4.50 x base	-	\$41,210,069			
3.75 x base	-	-	\$34,341,724		
3.25 x base	-	-	-	\$29,762,827	
3.00 x base	-	-	-	-	<u>\$27,473,379</u>
Total debt limitation	<u>20,605,034</u>	<u>41,210,069</u>	<u>34,341,724</u>	<u>29,762,827</u>	<u>27,473,379</u>
Less indebtedness					
Bond of this issue	7,235,000	-	-	-	-
Bonds payable	400,522	395,000	1,594,081	-	-
Authorized but unissued	-	-	-	-	-
Total direct debt.....	<u>7,635,522</u>	<u>395,000</u>	<u>1,594,081</u>	<u>-</u>	<u>-</u>
Less school construction grants					
Total net direct debt					
Overlapping net debt - Sharon's share of Regional School District Number One debt¹					
	<u>-</u>	<u>819,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total overlapping net debt	<u>-</u>	<u>819,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total overall net debt	<u>7,635,522</u>	<u>1,214,796</u>	<u>1,594,081</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt					
	\$12,969,512	\$39,995,273	\$32,747,643	\$29,762,827	\$27,473,379

¹ For fiscal year 2011-12, Sharon's share of Regional School District Number One's debt is 20.2783%.

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$64,104,551.

Note 2: Water debt excluded by State statute.

**Authorized but Unissued Debt
As of August 2, 2011
(Pro Forma)**

The Town of Sharon does not have any authorized but unissued debt.

Authority to Incur Debt

The Town of Sharon has the power to incur indebtedness as provided by the Connecticut General Statutes. The issuance of bonds and notes is authorized by the Town Meeting upon the recommendation of the Board of Finance.

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become

due and payable, and the legislative body schedules principal reductions by no later than the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Ratio of Annual Debt Service To Total Expenditures

<u>Fiscal Year Ended 6/30</u>	<u>Total Bonded Debt Service¹</u>	<u>Total Expenditures</u>	<u>Ratio of Bonded Debt Service to Expenditures</u>
2010	\$285,462	\$9,444,285	3.02
2009	288,442	9,364,164	3.08
2008	299,192	9,711,946	3.08
2007	314,892	8,169,107	3.85
2006	322,609	9,335,183	3.46

¹Does not include the Town's share of Regional School District Number One's outstanding debt.

Ratios of Long-term Debt to Valuation, Population, and Income

<u>Fiscal Year Ended 6/30</u>	<u>Net Taxable Grand List (000s)</u>	<u>Estimated Full Value (000s)¹</u>	<u>Long-term Debt (000s)²</u>	<u>Ratio of Long-term Debt to Net Taxable Grand List (%)</u>	<u>Ratio of Long-term Debt to Estimated Full Value (%)</u>	<u>Population³</u>	<u>Long-term Debt Per Capita</u>	<u>Ratio of Long-term Debt per Capita to Per Capita Income (%)⁴</u>
2010	\$840,733	\$1,201,047	\$4,390	0.52	0.37	2,782	\$1,578	3.47
2009	557,945	797,065	3,901	0.70	0.49	3,029	1,288	2.84
2008	540,615	772,307	4,316	0.80	0.56	3,014	1,432	3.15
2007	532,252	760,359	4,655	0.87	0.61	3,022	1,540	3.39
2006	525,097	750,139	5,171	0.98	0.69	3,058	1,691	3.72

¹Assessment Ratio 70%.

²Does not include the Town's share of Regional School District Number One's outstanding debt.

³Census Bureau, 2010 Census for 2010; Department of Public Health Services estimate for 2006-09.

⁴Census Bureau, Per Capita Money Income for 1999 is \$45,418.

SECTION V - FINANCIAL SECTION

The financial information for the fiscal years ended June 30, 2006 through 2010 has been derived from audited financial statements. The estimated General Fund revenues and expenditures for 2010-11 and budget for 2011-12 are provided by the Town. The Town's independent accountants have not examined, reviewed or compiled any of the estimates presented herein or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assume no responsibility for them. Except for Appendix A to this Official Statement, the financial information presented herein is the responsibility of the Town's management (Appendix A - "Auditor's Section" was taken from the Annual Financial Report of the Town of Sharon for the Fiscal Year ended June 30, 2010).

Comparative Assessed Valuations (\$ in thousands)

Grand List of 10/1	Real Property Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2010	94.8	2.2	2.9	\$846,759	\$ 2,962	\$843,797	0.5
2009	95.0	2.2	2.8	842,985	3,008	839,977	0.3
2008	94.9	2.2	2.9	840,248	2,888	837,360	50.1
2007	92.2	3.2	4.6	559,669	1,724	557,945	3.1
2006	92.9	2.8	4.3	593,045	51,790	541,255	-

The latest revaluation was completed and became effective October 1, 2008 for the fiscal year 2009-10.

Principal Taxpayers

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation As of 10/1/10</u>	<u>Percent of Net Taxable Grand List¹</u>
Essent Healthcare of Conn. Inc.	Medical	\$18,589,600	2.20
Weatherstone Corp.	Residential property	10,114,900	1.20
Johns, Jasper	Residential property	7,820,620	0.93
Essent Healthcare of Conn. Inc.	Medical	6,768,190	0.80
Herrick Road LLC	Residential property	6,371,610	0.76
Sharon Country Club	Golf club	6,025,040	0.71
Schwartz, Michael & Barbara	Residential property	5,787,870	0.69
Haje, Peter & Helen	Residential property	5,534,200	0.66
Connecticut Light & Power Co.	Utility	4,933,620	0.58
Fish, Robert V. II	Residential property	<u>4,655,000</u>	<u>0.55</u>
Total		\$76,600,650	9.08

¹Based on 10/1/10 Net Taxable Grand List of \$843,796,767.

Property Tax Levies and Collections

Fiscal Year Ended 6/30	Net Taxable Grand List (000s)	Mill Rate	Total Adjusted Tax Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected At End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/27/11
2011 ¹	\$839,977	10.90	\$9,155,750	98.0	2.0	2.0
2010	837,360	10.35	8,637,425	98.0	2.0	0.5
2009	557,945	14.90	8,340,086	97.9	2.1	0.8
2008	541,255	14.90	8,095,587	98.0	2.0	0.9
2007	532,252	14.90	7,956,383	98.5	1.5	0.9
2006	525,097	14.20	7,483,537	98.5	1.5	0.9

¹ Unaudited.

Property Taxes Receivable

<u>Fiscal Year Ended 6/30</u>	<u>Current Year</u>	<u>Total</u>
2010	\$168,255	\$385,270
2009	172,556	410,116
2008	157,922	358,784
2007	118,131	281,166
2006	109,610	258,952

Intergovernmental Revenues as a Percent of Total Revenues

<u>Fiscal Year Ended 6/30</u>	<u>Intergovernmental Revenues</u>	<u>Total Revenues</u>	<u>Percent</u>
2010	\$242,217	\$9,443,290	2.6
2009	265,386	9,180,602	2.9
2008	284,432	8,858,510	3.2
2007	275,343	8,864,786	3.1
2006	622,787	9,434,945	6.6

Comparative Balance Sheets – General Fund

	<u>6/30/10</u>	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/06</u>
Assets					
Cash and cash equivalents	\$1,406,835	\$1,484,574	\$1,906,543	\$2,041,030	\$1,496,568
Investments	-	-	-	-	-
Property taxes receivable	365,970	389,616	342,684	281,166	258,952
Due from other funds	330	9,728	-	-	45,000
Other receivables	<u>10,098</u>	<u>-</u>	<u>17,007</u>	<u>17,502</u>	<u>9,171</u>
Total assets	\$1,783,233	\$1,883,918	\$2,266,234	\$2,339,698	\$1,809,691
Liabilities and fund equity					
Liabilities					
Accounts payable and accrued expenses	\$ 73,929	\$ 134,704	\$ 161,071	\$ 134,128	\$ 214,168
Advance tax collections	12,534	21,388	8,756	2,327	20,542
Due to other funds	42,129	438	-	106,476	11,002
Deferred revenues	336,071	340,392	306,146	244,365	221,302
Security deposit	1,000	1,000	1,000	1,000	-
Amounts held in escrow	<u>101,529</u>	<u>100,609</u>	<u>98,441</u>	<u>125,002</u>	<u>111,895</u>
Total liabilities	567,192	598,531	575,414	613,298	578,909
Fund equity					
Reserved for encumbrances	63,723	102,417	151,824	95,499	198,032
Designated for subsequent budget ..	50,000	50,000	50,000	200,000	50,000
Undesignated	<u>1,102,318</u>	<u>1,132,970</u>	<u>1,488,996</u>	<u>1,430,901</u>	<u>982,750</u>
Total fund equity	1,216,041	1,285,387	1,690,820	1,726,400	1,230,782
Total liabilities and fund equity	\$1,783,233	\$1,883,918	\$2,266,234	\$2,339,698	\$1,809,691
Analysis of General Fund balance					
Operating revenues	\$9,669,326	\$9,296,698	\$9,906,117	\$8,951,356	\$8,810,294
Fund balance as a percent of operating revenues	12.6	13.8	17.1	19.3	14.0
Undesignated fund balance as a percent of revenues	11.4	12.2	15.0	16.0	11.2

General Fund Revenues and Expenditures

The General Fund revenues and expenditures for the fiscal years ended June 30, 2007 through June 30, 2010 have been derived from audited financial statements on a generally accepted accounting principles basis. The estimated results for the fiscal year ended June 30, 2011 and the budget for fiscal year 2011-12 are provided by the Town on a budgetary basis.

	Budget 2011-12	Estimated 2010-11	2009-10	2008-09	2007-08	2006-07
Revenues						
Property taxes	\$9,499,041	\$9,149,184	\$8,757,057	\$8,380,575	\$8,068,621	\$7,994,603
Intergovernmental revenues ...	141,417	263,720	475,829	586,327	1,357,339	377,628
Investment income	13,000	13,000	16,418	35,228	84,549	101,819
Licenses, fees and charges	285,000	294,400	349,368	242,734	345,174	451,031
Other	<u>50,000</u>	<u>50,000</u>	<u>70,654</u>	<u>51,834</u>	<u>50,434</u>	<u>26,275</u>
Total revenues	9,988,458	9,770,304	9,669,326	9,296,698	9,906,117	8,951,356
Expenditures						
General government	1,179,880	1,072,827	1,077,837	1,140,229	972,468	907,938
Public safety	338,577	336,114	266,818	268,407	245,255	264,645
Public works	1,334,846	1,392,287	1,001,367	951,605	980,922	745,174
Health and welfare	105,896	97,337	54,043	52,870	53,190	55,746
Parks and recreation	162,493	152,864	195,387	203,108	187,038	208,197
Education	6,420,758	6,161,597	6,469,252	6,391,573	6,858,345	5,398,079
Other	80,590	93,260	94,119	207,505	100,920	233,982
Debt service	365,418	270,805	285,462	288,442	299,192	314,892
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,425</u>	<u>14,616</u>	<u>40,454</u>
Total expenditures	9,988,458	9,577,091	9,444,285	9,564,164	9,711,946	8,169,107
Excess (deficiency) of revenues over (under) expenditures	-	193,213	225,041	(267,466)	194,171	782,249
Other financing sources (uses):						
Note proceeds			-	-	-	6,515
Transfers in			8,776	114,100	9,200	9,200
Transfers out			<u>(303,163)</u>	<u>(252,067)</u>	<u>(238,951)</u>	<u>(302,346)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses			(69,346)	(405,433)	(35,580)	495,618
Fund balance, July 1			<u>1,285,387</u>	<u>1,690,820</u>	<u>1,726,400</u>	<u>1,230,782</u>
Fund balance, June 30			\$1,216,041	\$1,285,387	\$1,690,820	\$1,726,400

Capital Improvement Program

The Town has a five-year capital improvement plan for capital needs other than school projects. It addresses municipal buildings, facilities, roads and bridges. The plan identifies specific projects and sources of funds. The Town's financial practice is to pay-as-you-go for such expenditures through the current operating budget appropriations, capital reserves maintained in capital project funds, and grants.

In addition, the Town has an equipment replacement fund which is also funded on a pay-as-you-go basis for equipment expected to be replaced through 2014-15. The Town appropriates funds annually to the reserve fund in anticipation of expenditures. The Town does not expect to issue bonds in the foreseeable future. Future capital expenditures for sewer plant modernization or water system would be funded through accumulated capital project reserves or loan/grant funds paid from user charges.

Audit

The Town of Sharon, pursuant to local ordinance and provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State of Connecticut, Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2010, the financial statements of the various funds of the Town were audited by Baude & Rolfe, Certified Public Accountants.

Summary of Accounting Principles

The Town's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the primary operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund. The Town's General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. Proprietary Funds and Non-expendable Trust Funds are recognized on the accrual basis of accounting whereby revenues and expenses are recognized when incurred. The accounting policies of the Town conform with generally accepted accounting principles as applied to governmental units. (See Appendix A - "Financial Statements, Notes to Financial Statements" herein.)

Pension Plans

All Town of Sharon full-time employees, except for teachers covered under the Connecticut State Teachers Retirement System, participate in a defined contribution pension plan (the "Plan"). The Town contributes seven percent of compensation. Town contributions for the fiscal year ended June 30, 2010 were \$65,240 or 7% of the covered payroll of \$932,002.

The faculty and professional staff of the Board of Education participate in a contributory defined benefit plan (the "Benefit Plan") established under Chapter 167a of the Connecticut General Statutes which is administered by the Connecticut State Teachers Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the Benefit Plan and are required to contribute 7% of their annual earnings to the Benefit Plan. The Town does not and is not legally required to contribute to the Benefit Plan.

See Appendix A - "Audited Financial Statements, Notes to Financial Statements, Note 10" herein.

Other Post-Employment Benefits

The Town does not provide any other post-employment benefits.

Budget Adoption Procedure

Annual operating budget requests are prepared by each department and agency head and submitted to the First Selectman at least 150 days before the end of the fiscal year. The First Selectman reviews budget estimates and not later than 120 days prior to the end of the fiscal year presents a proposed budget to the Board of Selectmen. The Superintendent of Schools for the local school system first submits the local education budget to the Board of Education, which has the authority to increase or decrease the Superintendent's budget requests. The First Selectman may amend budget requests except that he/she may only comment and make recommendations on the budget requests of elected officials and the local Board of Education. The Board of Selectmen, which has the authority to increase or decrease requests, compiles the general government budget and submits its recommendation to the Board of Finance for its review and action. After one or more public hearings and no later than 90 days before the end of the fiscal year, the Board of Selectmen submits its budget recommendation to the Board of Finance. The Board of Finance may increase or decrease individual line items in the budget requests for general government agencies and departments but may increase or decrease the bottom line only for the education budget requests. A Town Meeting is called for approval of the budget. The Town Meeting has the authority to decrease individual line items in the budget requests for general government agencies and departments but may decrease the bottom line only for education budget requests. The budget as presented may be adopted by a majority vote of those present and voting at the Town Meeting.

Subsequent to the Town Meeting, the Board of Finance sets the mill rate. The Board of Finance is authorized to make additional appropriations up to \$20,000 per budgetary item. Amounts over \$20,000 must be approved by a Town Meeting.

The General Fund of the Town is the only fund that legally adopts a budget. The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as valid and proper charges against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year. No officer of the Town shall expend or enter into any contract by which the Town shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department, except in case of necessity connected with the repair of highways, bridges, sidewalks, and water and sewer systems and the case of the Town poor, and then not more than \$1,000. All unencumbered appropriations of the General Fund lapse at the end of the fiscal year.

Assessment Practices

The Town of Sharon completed its last physical revaluation on the October 1, 2008 grand list, and a statistical revaluation will be required for the assessment year commencing October 1, 2013. A physical revaluation will be required for the October 1, 2018 grand list.

The Assessor's Office is responsible for locating and appraising all real and personal property within the Town for inclusion onto the grand list. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year the Board of Assessment Appeals determines whether taxpayer petitions for assessment appeals on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification or annually newly issued permits and unfinished construction from prior years are reviewed a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions is then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

The Assessor's Office is also responsible for the administration of several property exemption and payment-in-lieu-of-taxes programs which include, but are not limited to, the following: special veterans programs; elderly tax relief for homeowners and renters; farm, forest and open space; blind and disabled taxpayers; manufacturing exemptions; and State-owned property reimbursement programs.

Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real property taxes are generally payable in four equal installments on July 1, October 1, January 1 and April 1 following the levy date and personal property and motor vehicle taxes are payable in one installment on July 1 following the levy date. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a

revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lienied each year prior to June 30 with legal demands and alias tax warrants which are also used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years and/or after a;; attempts to contact the taxpayer have failed, at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes, which are deemed to be uncollectible.

Investment Practices

The Town of Sharon deposits and invests funds in accordance with statutory requirements. The Connecticut General Statutes (Section 7-402) controls the deposit of public funds. Deposits may be made in a "qualified public depository" as defined by statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out-of state bank," as defined by the statutes, which is not a "qualified public depository." The Town has collateral pledge agreements with the local banks.

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in, among other things, obligations of the United States and its agencies, highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated investment companies (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut STIF and the Tax Exempt Proceeds Fund. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the laws applicable to fiduciaries and the provisions of the applicable plan generally control investment of such funds.

SECTION VI - ADDITIONAL INFORMATION

Continuing Disclosure

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

For the past five years, the Town has complied in all material respects with any previous undertaking made by the Town under Rule 15c2-12(b)(5).

The Town of Sharon prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to Moody's Investors Service ongoing disclosure in the form of the Annual Financial Report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

Litigation

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of Sharon, Connecticut, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Documents to Be Furnished at Closing

The following documents will be furnished when the Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the First Selectman and the Treasurer, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C.
5. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
6. Within seven business days after the bid opening, the Town will furnish the original purchaser of the Bonds 50 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer. If the Town's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriters, and the name of the insurer, if any, of the Bonds.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town of Sharon, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Town of Sharon, Connecticut

By _____
Robert Loucks, First Selectman

By _____
Tina Pitcher, Treasurer

Dated as of July __, 2011

APPENDIX A - AUDITED FINANCIAL STATEMENTS

BAUDE & ROLFE, P.C.

Certified Public Accountants

35 Huntington Street, New London, Connecticut 06320

(860) 442-0042 (860) 439-0256 (860) 437-1599 Fax

Ronald J. Baude, CPA

Brian D. Rolfe, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Finance
Town of Sharon
Sharon, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sharon's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, Connecticut, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated November 22, 2010 on our consideration of the Town of Sharon, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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 the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sharon, Connecticut's financial statements as a whole. The supplemental and combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Baude & Rolfe, P.C.
Certified Public Accountants

New London, Connecticut
November 22, 2010

TOWN OF SHARON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

As management of the Town of Sharon, we offer readers of the Town of Sharon's financial statements this narrative overview and analysis of the financial activities of the Town of Sharon for the fiscal year ended June 30, 2010.

Financial Highlights:

- The assets of the Town of Sharon exceeded its liabilities at the close of the most recent fiscal year by \$12,074,146. Of this amount, \$3,265,568 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$542,329. This increase is mostly attributable to grant revenues and a decrease in expenditures.
- As of the close of the current fiscal year, the Town of Sharon's governmental funds reported combined ending fund balances of \$1,687,890. Approximately 96.2% of this total amount, \$1,624,167, is available for spending at the government's discretion (unreserved fund balance). The Town strives to maintain an adequate undesignated fund balance. Through the FYE 2010 budgetary process, the Town made a decision to provide a tax relief through the use of excess fund balances in the amount of \$50,000 in the FYE 2011 budget.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the general fund was \$1,102,318 or 11.3% of total general fund expenditures on a budgetary basis.
- The Town of Sharon's total debt increased by \$533,308 (18.2%) during the current fiscal year.

Overview of the Financial Statements

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

It is important to note that the Town of Sharon implemented the new requirements outlined in GASB 34 July 1, 2003 (for the fiscal year ending June 30, 2004). The statements, therefore, contained within this report as of June 30, 2010, are the Town of Sharon's seventh report using the new model.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Sharon's finances, in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Sharon is improving or deteriorating. It speaks to the question of whether or not, the Town, as a whole is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes to the Town's tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; uncollected taxes and earned but unused vacation leave are examples.

The governmental activities of the Town of Sharon include education, general government services, public safety, and public works, planning and development, human services and civic and cultural. Property taxes, charges for services, and state and federal grants finance most of these activities. The Town maintains one business-type activity, the Sewer and Water Commission.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 10-11 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sharon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sharon maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the SSRRA Capital Project Fund and the East Side Cemetery Fund which are considered to be major funds. There are eighteen Special Revenue Funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Sharon adopted an annual appropriated budget for its general fund.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 12-14 of this report.

Proprietary funds: The Town of Sharon maintains one proprietary fund.

The proprietary fund is the Sewer and Water Commission.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The funds are combined into single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support services to the Town's constituency. The Town has a Pension Trust Fund and an Agency Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Sharon's funding of its obligation to provide pension benefits to its employees. The notes to the financial statements can be found on pages 21-39 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 40 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$12,074,146 at the close of the fiscal year ended June 30, 2010.

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

	June 30, 2010			June 30, 2009		
	Net Assets			Net Assets		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS						
Current and Other Assets	\$ 3,750,477	\$ 1,151,504	\$ 4,901,981	\$ 3,889,723	\$ 1,226,043	\$ 5,115,766
Capital Assets	5,901,770	5,721,752	11,623,522	5,979,090	4,526,997	10,506,087
TOTAL ASSETS	<u>9,652,247</u>	<u>6,873,256</u>	<u>16,525,503</u>	<u>9,868,813</u>	<u>5,753,040</u>	<u>15,621,853</u>
LIABILITIES						
Long-Term Liabilities Outstanding	748,888	2,279,347	3,028,235	1,261,087	1,665,490	2,926,577
Other Liabilities	1,206,622	216,500	1,423,122	1,021,979	141,480	1,163,459
TOTAL LIABILITIES	<u>1,955,510</u>	<u>2,495,847</u>	<u>4,451,357</u>	<u>2,283,066</u>	<u>1,806,970</u>	<u>4,090,036</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	4,898,825	3,264,812	8,163,637	4,718,003	2,861,507	7,579,510
Restricted for Capital Improvements	-	524,769	524,769	-	524,769	524,769
Restricted for Permanent Fund	120,170	-	120,170	120,170	-	120,170
Unrestricted	2,677,742	587,828	3,265,570	2,747,574	559,794	3,307,368
TOTAL NET ASSETS	<u>\$ 7,696,737</u>	<u>\$ 4,377,409</u>	<u>\$ 12,074,146</u>	<u>\$ 7,585,747</u>	<u>\$ 3,946,070</u>	<u>\$ 11,531,817</u>

Governmental Activities

Governmental activities increased the Town's net assets by \$542,329. Key elements of this increase are as follows:

	June 30, 2010 Changes in Net Assets			June 30, 2009 Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 425,078	\$ 536,017	\$ 961,095	\$ 306,246	\$ 549,034	\$ 855,280
Operating grants and contributions	429,105	-	429,105	525,489	-	525,489
Capital grants and contributions	19,550	379,855	399,405	51,420	447,576	498,996
General Revenues:						
Property Taxes	8,752,736	-	8,752,736	8,414,821	-	8,414,821
Grants and contributions not restricted to specific programs	81,424	-	81,424	92,041	-	92,041
Other	74,996	14,273	89,269	(40,164)	23,255	(16,909)
Total Revenues	9,782,889	930,145	10,713,034	9,349,853	1,019,865	10,369,718
Expenses:						
General Government	1,305,132	-	1,305,132	1,214,736	-	1,214,736
Public Safety	266,818	-	266,818	277,666	-	277,666
Public Works	1,221,221	-	1,221,221	1,453,515	-	1,453,515
Health Welfare	73,864	-	73,864	61,104	-	61,104
Parks and Recreation	214,647	-	214,647	241,686	-	241,686
Miscellaneous	117,598	-	117,598	207,505	-	207,505
Board of Education	6,426,237	-	6,426,237	6,324,359	-	6,324,359
Sewer and Water Commission	-	498,806	498,806	-	527,098	527,098
Interest on Long-Term Debt	46,382	-	46,382	20,505	-	20,505
Total Expenses	9,671,899	498,806	10,170,705	9,801,076	527,098	10,328,174
Inc (Dec) in net assets	110,990	431,339	542,329	(451,223)	492,767	41,544
Net Assets - July 1,	7,585,747	3,946,070	11,531,817	8,036,970	3,453,303	11,490,273
Net Assets - June 30,	\$ 7,696,737	\$ 4,377,409	\$ 12,074,146	\$ 7,585,747	\$ 3,946,070	\$ 11,531,817

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2010 reflect an amount approximately \$200,000 less than budgeted.
- Licenses, fees and charges revenue came in approximately \$100,000 more than budget due in large part to an increase in town clerk fees.

For Governmental Activities, more than 65% of the Town's expenditures related to education, 11% relate to public works, 11% to general governmental/services, and the remainder relates to public safety and other areas.

Major expenditure factors include:

- Increases in employee wages resulted from general wage increases.
- Public works expenses due to road and equipment expenses.
- Employee benefit costs continue to rise due to health insurance costs.

Business-type Activities

The Town maintains one major business-type activity at the present time; The Sewer and Water Commission. The objective of this fund is to be self-supporting through fees charged for services.

Financial Analysis of the Government's Funds

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

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

As of the current fiscal year, the Town of Sharon's governmental funds reported combined ending fund balances of \$1,687,890, a decrease of \$23,005 in comparison with the prior year. \$1,503,997 constitutes unreserved fund balance. Included in the \$1,503,997 is a designation of \$50,000 to be used in the FYE 2011 budget. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period of \$63,723 and for permanent funds of \$120,170.

General fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$ 1,102,318, while total fund balance was \$1,216,041. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 11.3 percent of the total General Fund expenditures, while total fund balance represents 12.4 percent of that same amount.

The fund balance of the Town of Sharon's General Fund decreased by \$69,346 during the current fiscal year. Key factors in this decrease are as follows:

- Actual revenues for the fiscal year ending 2010 were approximately \$135,000 less than budgeted.
- The final budget of the Town for fiscal year ending 2010 included a planned draw down of fund balance of approximately \$167,000, representing a portion of the unreserved fund balance from prior years.

Proprietary funds. The Town of Sharon's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The final budget contained additional appropriations approved during the year of \$138,390.

During the year, actual revenues on a budgetary basis were \$9.44 million, which were below budgetary estimates by \$135,000. Actual tax revenues were below the budget by \$208,000. Licenses, fees and charges were \$102,000 above the budgeted amounts. There were higher than anticipated receipts from other town services.

Actual expenditures on a budgetary basis and other financing uses totaled \$9.53 million. Actual expenditures exceeded revenues on a budgetary basis by \$86,837. The fiscal year 2010 budget included the use of \$167,590 of fund balance. Actual expenditures came in under the final budget by \$216,198 with the Board of Education not expending \$35,503 (Regional High School portion \$ 35,415 and Town portion \$ 88) of their appropriation and town departments not expending \$180,695.

Capital Assets and Debt Administration

Capital Assets. The Town of Sharon's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$5,901,770 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- The acquisition of education related equipment at a cost of \$34,549.
- The acquisition of a public works equipment at a cost of \$126,600.

Additional information on the Town of Sharon's capital assets can be found in Note 7 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Sharon had total debt outstanding of \$1,762,945. This entire debt is backed by the full faith and credit of the government.

TOWN OF SHARON, CONNECTICUT LONG TERM DEBT

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$ 355,000	\$ 570,000
67 Main Street Note	421,204	439,346
Soil Contamination Note	226,741	251,741
	<u>\$ 1,002,945</u>	<u>\$ 1,261,087</u>

In addition, the Town had Bond Anticipation Notes in the amount of \$760,000 outstanding as of June 30, 2010.

The total debt decreased \$258,142 or 20.5 percent during the current fiscal year due to payments during the year.

The overall statutory debt limit for the Town of Sharon is equal to seven times annual receipts from taxation or \$61 million. As of June 30, 2010, the Town recorded long-term debt of \$2.7 million related to Governmental Activities, and \$2.5 million related to business-type activities, well below its statutory debt limits.

Additional information on the Town of Sharon's long-term debt can be found in Note 8 on of this report, including information regarding the long-term debt of the Enterprise Fund.

Economic Factors and Next Year's Budgets and Rates

The management of the Town of Sharon considered in preparing the FY 2011 budget:

- Continued low interest rates on investment income.
- Continued draw down from surplus.
- Hard-to-control increases in health and liability insurance.
- Condition of the state's economy and the effect on state revenues and tax collections.
- Additional costs and borrowings related to road improvements.

During the fiscal year, unreserved undesignated fund balance in the general fund decreased to \$1,102,318.

Request for Information

This financial report from which this management discussion is designed to provide a general overview of the Town of Sharon finances for all those with an interest in the government's finances. The financial statements themselves are available at the Town Offices. Questions concerning any of the information provided in this discussion or requests for additional information should be addressed to the Finance Office, Town of Sharon, 63 Main Street, Sharon, Connecticut, 06069.

**BASIC
FINANCIAL
STATEMENTS**

TOWN OF SHARON
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,182,828	\$ 1,053,746	\$ 3,236,574
Investments	392,865	-	392,865
Receivables (Net of Uncollectible)			
Property Taxes	365,970	-	365,970
Accounts Receivable	32,190	72,422	104,612
Grants Receivable	-	22,840	22,840
Inventories	827	-	827
Long-Term Receivables	67,209	-	67,209
Other Long-Term Assets	708,588	2,496	711,084
Capital Assets, Net of Accumulated Depreciation	<u>5,901,770</u>	<u>5,721,752</u>	<u>11,623,522</u>
TOTAL ASSETS	<u><u>\$ 9,652,247</u></u>	<u><u>\$ 6,873,256</u></u>	<u><u>\$ 16,525,503</u></u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 77,502	\$ 38,907	\$ 116,409
Advance Tax Collections	12,534	-	12,534
Security Deposits	1,000	-	1,000
Performance Bonds	101,529	-	101,529
Bond Anticipation Notes Payable	760,000	-	760,000
Non-current Liabilities:			
Due within one year	254,057	177,593	431,650
Due in more than one year	<u>748,888</u>	<u>2,279,347</u>	<u>3,028,235</u>
TOTAL LIABILITIES	<u>1,955,510</u>	<u>2,495,847</u>	<u>4,451,357</u>
NET ASSETS			
Investment in Capital Assets, Net of			
Related Debt	4,898,825	3,264,812	8,163,637
Restricted for Capital Improvements	-	524,769	524,769
Restricted for Permanent Fund	120,170	-	120,170
Unrestricted	<u>2,677,742</u>	<u>587,828</u>	<u>3,265,570</u>
TOTAL NET ASSETS	<u><u>\$ 7,696,737</u></u>	<u><u>\$ 4,377,409</u></u>	<u><u>\$ 12,074,146</u></u>

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

TOWN OF SHARON
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

					Net (Expense) Revenue and Changes in Net Assets		
		Program Revenues			Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General Government	\$ (1,305,132)	\$ 196,058	\$ 52,831	\$ 19,550	\$ (1,036,693)	\$ -	\$ (1,036,693)
Public Safety	(266,818)	-	-	-	(266,818)	-	(266,818)
Public Works	(1,221,221)	111,883	175,419	-	(933,919)	-	(933,919)
Health Welfare	(73,864)	35,810	-	-	(38,054)	-	(38,054)
Parks and Recreation	(214,647)	9,460	-	-	(205,187)	-	(205,187)
Miscellaneous	(117,598)	-	-	-	(117,598)	-	(117,598)
Interest on Long-Term Debt	(46,382)	-	-	-	(46,382)	-	(46,382)
Board of Education	(6,426,237)	71,867	200,855	-	(6,153,515)	-	(6,153,515)
Total Governmental activities	(9,671,899)	425,078	429,105	19,550	(8,798,166)	-	(8,798,166)
Business-Type activities:							
Sewer and Water Commission	(498,806)	536,017	-	379,855	-	417,066	417,066
Total Primary government	\$ (10,170,705)	\$ 961,095	\$ 429,105	\$ 399,405	(8,798,166)	417,066	(8,381,100)
General revenues:							
Property Taxes					8,752,736	-	8,752,736
Grants and contributions not restricted to specific programs					81,424	-	81,424
Unrestricted investment earnings					74,996	14,273	89,269
Total general revenues and transfers					8,909,156	14,273	8,923,429
Change in net assets					110,990	431,339	542,329
Net assets - beginning					7,585,747	3,946,070	11,531,817
Net assets - ending					\$ 7,696,737	\$ 4,377,409	\$ 12,074,146

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

TOWN OF SHARON
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2010

	General	SSRRA Cap Proj Fund	East Side Cemetery Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,406,835	\$ 35,567	\$ 16,580	\$ 723,846	\$ 2,182,828
Investments	-	-	392,865	-	392,865
Receivables (Net of Uncollectible)					
Property Taxes	365,970	-	-	-	365,970
Other Receivables	10,098	-	-	22,092	32,190
Inventories	-	-	-	827	827
Due from Other Funds	330	-	-	42,129	42,459
TOTAL ASSETS	<u>\$ 1,783,233</u>	<u>\$ 35,567</u>	<u>\$ 409,445</u>	<u>\$ 788,894</u>	<u>\$ 3,017,139</u>
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 73,929	\$ -	\$ -	\$ 1,727	\$ 75,656
Advance Tax Collections	12,534	-	-	-	12,534
Deferred Revenues	336,071	-	-	-	336,071
Due to Other Funds	42,129	-	330	-	42,459
Security Deposit	1,000	-	-	-	1,000
Bond Anticipation Notes Payable	-	760,000	-	-	760,000
Performance Bonds	101,529	-	-	-	101,529
TOTAL LIABILITIES	<u>567,192</u>	<u>760,000</u>	<u>330</u>	<u>1,727</u>	<u>1,329,249</u>
FUND BALANCES					
Reserved for Encumbrances	63,723	-	-	-	63,723
Reserved for Permanent Funds	-	-	120,170	-	120,170
Unreserved and Designated for:					
Subsequent Year Budget	50,000	-	-	-	50,000
Unreserved, Reported In:					
General Fund	1,102,318	-	-	-	1,102,318
Special Revenue Funds		-	-	787,167	787,167
Capital Project Funds		(724,433)	-	-	(724,433)
Permanent Funds		-	288,945	-	288,945
TOTAL FUND BALANCES	<u>1,216,041</u>	<u>(724,433)</u>	<u>409,115</u>	<u>787,167</u>	<u>1,687,890</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,783,233</u>	<u>\$ 35,567</u>	<u>\$ 409,445</u>	<u>\$ 788,894</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,901,770
Other long-term assets are not available to pay for current-period expenditures and , therefore, are deferred in the funds.	1,111,868
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,004,791)

Net assets of governmental activities	<u>\$ 7,696,737</u>
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The accompanying notes to financial statements are an integral part of this statement.

TOWN OF SHARON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	SSRRA Cap Proj Fund	East Side Cemetery Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General Property Taxes	\$ 8,757,057	\$ -	\$ -	\$ -	\$ 8,757,057
Intergovernmental	475,829	-	-	249,454	725,283
Investment Income	16,418	3,363	55,215	-	74,996
Licenses, Fees and Charges	349,368	-	-	3,843	353,211
Other Revenue	70,654	-	-	-	70,654
Contributions	-	-	-	10,770	10,770
Sales	-	-	-	71,867	71,867
TOTAL REVENUES	9,669,326	3,363	55,215	335,934	10,063,838
EXPENDITURES					
Current:					
General Government	1,077,837	-	4,295	70,851	1,152,983
Public Safety	266,818	-	-	-	266,818
Public Works	1,001,367	-	-	122,308	1,123,675
Health Welfare	54,043	-	-	19,821	73,864
Parks and Recreation	195,387	-	-	19,260	214,647
Miscellaneous	94,119	-	-	23,479	117,598
Debt Service	285,462	19,572	-	-	305,034
Education	6,469,252	-	-	94,652	6,563,904
Capital Outlay	-	-	-	268,320	268,320
TOTAL EXPENDITURES	9,444,285	19,572	4,295	618,691	10,086,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	225,041	(16,209)	50,920	(282,757)	(23,005)
OTHER FINANCING SOURCES (USES)					
Transfers In	8,776	-	-	305,161	313,937
Transfers Out	(303,163)	-	(8,772)	(2,002)	(313,937)
TOTAL OTHER FINANCING SOURCES (USES)	(294,387)	-	(8,772)	303,159	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(69,346)	(16,209)	42,148	20,402	(23,005)
FUND BALANCES, BEGINNING	1,285,387	(708,224)	366,967	766,765	1,710,895
FUND BALANCES, ENDING	\$ 1,216,041	\$ (724,433)	\$ 409,115	\$ 787,167	\$ 1,687,890

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

TOWN OF SHARON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities
 (page 11) are different because:

Net change in fund balances - total governmental funds (page 13)	\$ (23,005)
--	-------------

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 and reported as
 depreciation expense. This is the amount by which depreciation
 exceeded capital outlays in the current period.

(77,320)

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

(47,337)

The issuance of long-term debt (e.g., bonds, leases) 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, however, has any effect
 on net assets. Also, governmental funds report the effect of issuance
 costs, premiums, discounts, and similar items when debt is first issued,
 whereas these amounts are deferred and amortized in the statement
 of activities. This amount is the net effect of these differences in the
 treatment of long-term debt and related items.

258,142

Some expenses reported in the statement of activities do not require the use
 of current financial resources and, therefore, are not reported
 as expenditures in governmental funds.

510

Change in net assets of governmental activities (page 11)

\$ 110,990

TOWN OF SHARON
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES –
BUDGET TO ACTUAL – GENERAL FUND
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes, Interest and Lien Fees	\$ 8,964,389	\$ 8,964,389	\$ 8,755,857	\$ (208,532)
Intergovernmental Revenue	256,546	277,346	242,217	(35,129)
Investment Income	40,000	40,000	16,418	(23,582)
Licenses, Fees and Charges	255,800	255,800	358,140	102,340
Other Revenue	41,200	41,200	70,658	29,458
TOTAL REVENUES	<u>9,557,935</u>	<u>9,578,735</u>	<u>9,443,290</u>	<u>(135,445)</u>
EXPENDITURES				
General Government	1,131,369	1,161,209	1,059,519	101,690
Public Safety	275,945	275,945	271,540	4,405
Public Works	1,188,865	1,212,365	1,164,169	48,196
Health Welfare	64,909	64,909	55,543	9,366
Parks and Recreation	221,539	221,539	215,387	6,152
Miscellaneous	106,419	170,669	168,676	1,993
Debt Service	319,355	319,355	310,462	8,893
Education	6,299,534	6,320,334	6,284,831	35,503
TOTAL EXPENDITURES	<u>9,607,935</u>	<u>9,746,325</u>	<u>9,530,127</u>	<u>216,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (50,000)</u>	<u>\$ (167,590)</u>	<u>\$ (86,837)</u>	<u>\$ 80,753</u>

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

TOWN OF SHARON
STATEMENT OF NET ASSETS – PROPRIETARY FUND
June 30, 2010

	<u>Business-Type Activities Enterprise Fund Sewer & Water Commission</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,053,746
Accounts Receivable, Net of Allowance for Doubtful Accounts	72,422
Grants Receivable	<u>22,840</u>
TOTAL CURRENT ASSETS	1,149,008
NONCURRENT ASSETS	
Security Deposit	240
Refinancing Costs, Net of Accumulated Amortization	<u>2,256</u>
	2,496
CAPITAL ASSETS	
Construction in Progress	1,783,144
Utility Plant, Net of Accumulated Depreciation	<u>3,938,608</u>
	<u>5,721,752</u>
TOTAL NONCURRENT ASSETS	<u>5,724,248</u>
TOTAL ASSETS	<u><u>\$ 6,873,256</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 38,907
Current Portion of Notes Payable	<u>177,593</u>
TOTAL CURRENT LIABILITIES	216,500
LONG-TERM LIABILITIES	
Notes Payable, Net of Current Portion	<u>2,279,347</u>
TOTAL LIABILITIES	2,495,847
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	3,264,812
Restricted for Capital Improvements	524,769
Unrestricted	<u>587,828</u>
TOTAL NET ASSETS	<u><u>\$ 4,377,409</u></u>

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

TOWN OF SHARON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
PROPRIETARY FUND
Year Ended June 30, 2010

	Business-Type Activities Enterprise Fund Sewer & Water Commission
OPERATING REVENUE	
Water Sales	\$ 374,037
Sewer Services	<u>161,980</u>
TOTAL OPERATING REVENUES	536,017
OPERATING EXPENSES	
Management Services	166,962
Chemicals	6,439
Depreciation and Amortization	141,160
Electric	23,472
Repairs and Maintenance	13,557
Sewer Beds	2,080
Supplies	9,496
Telephone	3,027
Fuel	6,510
Other Costs	4,743
Professional Services	4,875
Wages and Payroll Taxes	13,718
Insurance	9,956
Lab Fees	14,234
Sludge Removal	<u>17,550</u>
TOTAL OPERATING EXPENSES	<u>437,779</u>
OPERATING INCOME	98,238
NON-OPERATING REVENUES (EXPENSES)	
Grant Revenue	379,855
Interest Income	2,439
Finance Charge Revenue	11,834
Bad Debt Expense	(18,106)
Interest Expense	<u>(42,921)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>333,101</u>
CHANGE IN NET ASSETS	431,339
TOTAL NET ASSETS, BEGINNING	<u>3,946,070</u>
TOTAL NET ASSETS, ENDING	<u><u>\$ 4,377,409</u></u>

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

**TOWN OF SHARON
STATEMENT OF CASH FLOWS –
PROPRIETARY FUND
Year Ended June 30, 2010**

	Business-Type Activities Enterprise Fund Sewer & Water Commission
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from Customers	\$ 513,756
Cash payments to Suppliers for Goods and Services	(380,597)
Cash payments to Employees and Professional Contractors for Services	<u>(18,595)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	114,564
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Borrowings	934,000
Principal Repayments	(142,550)
Interest Paid	(42,921)
Payments for Capital Acquisitions	(1,335,568)
Construction Grants	<u>804,591</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	217,552
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of Interest	<u>2,439</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,439</u>
NET INCREASE IN CASH	334,555
CASH, BEGINNING OF YEAR	<u>719,191</u>
CASH, END OF YEAR	<u><u>\$ 1,053,746</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 98,238
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization Expense	141,160
Receipt of Other Revenue	11,834
(Increase) Decrease in Accounts Receivable	(34,095)
Increase (Decrease) in Accounts Payable	<u>(102,573)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 114,564</u></u>

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

TOWN OF SHARON
STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS
June 30, 2010

	<u>Pension Trust Fund</u>	<u>Agency Fund Student Activity Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 15,089
Investments	<u>524,729</u>	<u>-</u>
TOTAL ASSETS	<u>524,729</u>	<u>15,089</u>
LIABILITIES		
Due to Student Groups	<u>-</u>	<u>15,089</u>
NET ASSETS HELD IN TRUST	<u><u>\$ 524,729</u></u>	<u><u>\$ -</u></u>

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

TOWN OF SHARON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – FIDUCIARY FUNDS
Year Ended June 30, 2010

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	\$ 66,389
INVESTMENT GAIN	<u>52,387</u>
TOTAL ADDITIONS	<u>118,776</u>
DEDUCTIONS	
Benefits	-
Administration	<u>1,350</u>
TOTAL DEDUCTIONS	<u>1,350</u>
CHANGE IN NET ASSETS	117,426
NET ASSETS HELD IN TRUST	
Beginning of the Year	<u>407,303</u>
End of Year	<u><u>\$ 524,729</u></u>

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Sharon, Connecticut's (the "Town") government provides the following services as authorized by state statutes: public safety, public works, planning and development, human services, community services, education, sewer and solid waste disposal, and general government services. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies used by the Town.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and there are no agencies or entities which should be presented with the Town.

Government-Wide Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government reports the following major governmental funds:

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

The East Side Cemetery Permanent Fund: it accounts for the resources to maintain the town cemeteries.

The SSRRA Capital Project Fund: it accounts for the resources to purchase and construct the project.

The government reports one major proprietary fund: Sewer and Water Commission.

Additionally, the government reports the following fund types:

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

Agency Funds account for monies held as a custodian for outside groups and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

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

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

Accounting Estimates

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

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are assessed on property as of October 1. Real estate and personal property taxes are billed in the following July and are due quarterly installments, July 1, October 1, January 1, and April 1. Motor vehicle taxes are billed July 1 and are due in a single payment on July 1. Liens are effective on the assessment date and are continued by filing on July 1, following the due date.

Property taxes that have been levied and are due on or before year-end are recognized as revenue if they have been collected within sixty days after year-end. Property taxes receivable not collected within sixty days after year-end are reflected as deferred revenue. An allowance based on historical collection experience is provided for uncollectible taxes.

Cash and Investments

The Town considers all highly liquid investments and those with original maturities of three months or less when purchased to be cash equivalents. This same maturity threshold is utilized for the statement of cash flows.

Investments are recorded at fair value based on quoted market price.

Effective July 1, 2004, the Town adopted Statement Number 40 of the Governmental Accounting Standards Board (GASB). The required implementation date for GASB Statement 40 is for periods beginning after June 15, 2004.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. Donated federal commodities are valued at fair market value on a FIFO basis. Inventory in the School Cafeteria consists of food and expendable supplies held for consumption. Food donated to the School Cafeteria Fund is recognized as revenue and purchases in the year received and charged to cost of sales in the year used.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. GASBS No. 34 requires the Town to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Town has implemented the general provisions of GASBS No. 34 with the exception of the retroactive reporting of infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Machinery and Equipment	5-20

Capital outlay is considered an expenditure in the governmental fund financial statements.

Compensated Absences

Employees are paid by a prescribed formula for absences due to sickness or vacation. The liability as of June 30, 2010 has been shown in full, as a current year liability.

Long-Term Obligation

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Fund Equity and Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets – This category represents the net assets of the Town, which are restricted for specific purposes, and include capital improvements of the Sewer & Water Commission in the amount of \$ 524,769, as well as Permanent Fund assets in the amount of \$120,170.

Unrestricted Net Assets - This category represents the net assets of the Town, which are not restricted for any project of other purpose by third parties.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, fund balances of governmental funds are classified in three separate categories. The three categories, and their general meanings, are as follows:

Reserved Fund Balance – indicates that portion of fund equity which has been legally segregated for specific purposes.

Designated Fund Balance – indicates that portion of fund equity for which the Town has made tentative plans.

Undesignated and Unreserved Fund Balance – indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,004,791 difference are as follows:

Bonds Payable	\$ 1,002,945
Accrued Interest Payable	<u>1,846</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	<u><u>\$ 1,004,791</u></u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 and reported as depreciation expense.” The details of this \$(77,320) difference are as follows:

Capital Outlay	\$ 190,848
Depreciation Expense	<u>(268,168)</u>
Net Adjustment to Increase Net Changes in Fund Balances - total Governmental Funds to arrive at changes in Net Assets of Governmental Activities	<u><u>\$ (77,320)</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$258,142 difference are as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Debt Issued or Incurred:	
Issuance of General Obligation Funds	\$ -
Principal Repayments:	
General Obligation Debt	<u>258,142</u>
Net Adjustment to Decrease Net Changes in Fund Balances - total Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	<u><u>\$ 258,142</u></u>

3. BUDGETS AND BUDGETARY ACCOUNTING

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements. All Town departments submit estimated budgets to the Board of Finance for the ensuing fiscal year. By state statute, the Board of Finance holds hearings to review and revise the budget.

- The citizens of the Town vote on the recommended budget.
- The Board of Finance sets the tax rate for the fiscal year.
- All budget transfers must be approved by the Board of Finance.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting.

All unencumbered appropriations of the General Fund lapse at year end.

Additional Appropriations

Departments seeking additional appropriations or appropriation transfers between budgetary line items must make a written request to the Board of Finance through the Board of Selectmen. An additional appropriation to a budgetary line item requires approval at a Town meeting if it exceeds \$20,000 or is a second request by the asking board or department. An additional appropriation of \$20,000 or higher must be voted on by the citizens of the Town. Additional appropriations for the year ended June 30, 2010 amounted to \$138,390.

Legal Level of Control

No officer of the Town shall expend or enter into any contract by which the Town shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department, except in case of necessity connected with the repair of highways, bridges, sidewalks, and water and sewer systems and the care of the Town poor, and then not more than \$1,000.

Formal budgetary integration of these budgets is employed as a management control device in the General Fund. Formal budgetary integration is not employed in other funds because budgetary control is alternately achieved by constraints imposed by the project authorization or grant awards related to these funds.

All encumbered appropriations lapse at year-end except for those in the Capital Projects Fund. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year but cannot exceed five (5) years.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than accounting principles generally accepted in the United States of America (GAAP basis). The major differences between the budget and GAAP basis are as follows:

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

- Taxes collected 60 days subsequent to June 30 are recognized as revenue for GAAP purposes during the current year compared to recognition in the year received for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current years whereas they are shown as a reservation of fund balances on a GAAP basis of accounting.
- State of Connecticut payments on-behalf of the Town teachers for the State teacher retirement system are reported for GAAP purposes only.
- For budgetary purposes, the Town does not recognize payroll expenditures and certain lawsuit expenditures which had been incurred but had not yet been paid out at June 30. Such amounts were recorded for GAAP purposes.
- An allowance for uncollectible property taxes is reported for GAAP purposes only.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in the financial statements in conformity with GAAP. A reconciliation of these differences at June 30, 2010 follows:

	General Fund	
	Revenues and Transfers	Expenditures and Transfers
GAAP basis, Page 13	\$ 9,678,102	\$ 9,747,448
Encumbrances		
June 30, 2009	-	(102,417)
June 30, 2010	-	63,723
Allowance for Uncollectible Property Taxes	(1,200)	-
Unliquidated Prior Year Encumbrances	-	54,985
State on-behalf payments for teacher retirement	(233,612)	(233,612)
Non-GAAP budgetary basis, Page 15	<u>\$ 9,443,290</u>	<u>\$ 9,530,127</u>

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits can be made in a "qualified public depository" as defined by statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank", as defined by statutes, which is not a "qualified public depository".

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Statutes (Sections 3-24f and 3-27f) also provide for investment of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2010:

Deposits:	
Deposits	\$ 3,250,264
Certificates of Deposit	<u>-</u>
Total deposits	3,250,264
Petty Cash	300
Other Cash Equivalents:	
Tax Exempt Proceeds Fund (TEPF)	1,099
Less: Certificates of Deposit Classified as Investments	<u>-</u>
Total Cash and Cash Equivalents	<u><u>\$ 3,251,663</u></u>

Deposits

At June 30, 2010 the carrying amount of the Town deposits was \$3,250,264 and the bank balance was \$3,357,005.

Custodial Credit Risk – Custodial credit risk is the risk that in event of a bank failure, the Town's deposits may not be returned to it. Of the June 30, 2010 bank balance, \$1,108,972 was covered by Federal Depository Insurance. Section 36a-333 of the Connecticut General Statutes requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. In addition, all bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the town or by its agent in the Town's name.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2010, the Town's cash equivalents amounted to \$1,099. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standards and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
Tax Exempt Proceeds Fund (TEPF)	Not Rated	Not Rated	Not Rated

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

Investments as of June 30, 2010 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
Certificates of deposit*	\$ -	0.00
Corporate Bonds & Notes	66,942	4.16
Other Investments:		
Non-major Governmental Funds:		
Common Stock	260,380	
Foreign Equities	6,913	
Pooled open-end mutual fund accounts:		
Mutual Funds	58,630	
Pension Trust Fund	<u>524,729</u>	
Total	<u>\$ 917,594</u>	
Portfolio weighted average maturity for interest bearing investments		4.16

*Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments – As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding US government guaranteed obligations) as rated by a nationally recognized statistical rating organization.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

	<u>Value Line</u>
Nonmajor Governmental Funds:	
Mutual Funds:	
Barclays Fund	4-Star
Templeton Fund	4-Star
Kayne Anderson Fund	3-Star
Common Stock:	
Abbott Labs	A++
American Express	A
Applied Materials, Inc.	A
Automatic Data Processing	A++
Becton Dickinson	A++
Berkshire Hathaway	Not Rated
BHP Bilton PLC Sponsored ADR	A
Cisco Systems	A++
Devon Energy Corp.	B++
Ecolab, Inc.	A
EMC Corp.	A
Exxon Mobil Corp.	A++
General Electric Co.	B+
Hewlett Packard Co.	A++
Johnson & Johnson	A++
JPMorgan Chase & Co.	A
Kraft Foods Inc Class A	A+
L-3 Communications Hldg	B++
McDonalds Corp.	A++
Microsoft Corp.	A++
Oracle Corp.	A++
Procter & Gamble Co.	A++
Schlumberger Ltd	A+
Spectra Corp.	B
Sysco Corp.	A++
United Technologies Corp.	A++
US Bancorp Del	B++
Corporate Bonds & Notes	
National Rural Utils Coop	Not Rated
Baxter International, Inc.	A++
Johnson & Johnson	A++
Foreign Equities:	
Roche Holdings	Not Rated
Pension Trust:	
Annuities (American Express)	Not Rated
Annuities (Hartford Life Insurance)	Not Rated

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2010, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

5. RECEIVABLES

Receivables at June 30, 2010, including the applicable allowances for collection losses, are as follows:

	<u>General Fund</u>	<u>Non-Major and Other Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Property Taxes	\$ 385,270	\$ -	\$ -	\$ 385,270
Accounts Receivable	10,098	22,092	90,528	122,718
Grants Receivable	<u>-</u>	<u>-</u>	<u>22,840</u>	<u>22,840</u>
Total Gross Receivables	<u>395,368</u>	<u>22,092</u>	<u>113,368</u>	<u>530,828</u>
Allowance for Collection Losses	<u>19,300</u>	<u>-</u>	<u>18,106</u>	<u>37,406</u>
Total Net Receivables	<u><u>\$ 376,068</u></u>	<u><u>\$ 22,092</u></u>	<u><u>\$ 95,262</u></u>	<u><u>\$ 493,422</u></u>

6. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

Interfund Receivables and Payables at June 30, 2010 were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 330	\$ 42,129
East Side Cemetary	-	330
Non-Major Governmental Funds	<u>42,129</u>	<u>-</u>
Total	<u><u>42,459</u></u>	<u><u>42,459</u></u>

All interfund balances result from the time lag between dates payments occur between funds for various activities.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

6. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers during the year ended June 30, 2010 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,776	\$ 303,163
East Side Cemetery Permanent Fund	-	8,772
Non-Major Governmental Funds	<u>305,161</u>	<u>2,002</u>
Total	<u>\$ 313,937</u>	<u>\$ 313,937</u>

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance various programs accounted for in other funds in accordance with budget authorizations.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated	\$ -	\$ -	\$ -	\$ -
Land	274,081	-	-	274,081
Construction in progress	-	-	-	-
Total Capital Assets, not being depreciated	<u>274,081</u>	<u>-</u>	<u>-</u>	<u>274,081</u>
Capital Assets, being depreciated:				
Building and Improvements	8,637,057	29,699	-	8,666,756
Machinery and Equipment	1,703,513	161,149	-	1,864,662
Infrastructure	762,184	-	-	762,184
Total Capital Assets being depreciated	<u>11,102,754</u>	<u>190,848</u>	<u>-</u>	<u>11,293,602</u>
Less Accumulated Depreciation for:				
Building and Improvements	4,153,000	132,000	-	4,285,000
Machinery and Equipment	1,194,996	120,925	-	1,315,921
Infrastructure	49,749	15,243	-	64,992
Total Accumulated Depreciation	<u>5,397,745</u>	<u>268,168</u>	<u>-</u>	<u>5,665,913</u>
Total Capital Assets, being depreciated, net	<u>5,705,009</u>	<u>(77,320)</u>	<u>-</u>	<u>5,627,689</u>
Governmental activities capital assets, net	<u>\$ 5,979,090</u>	<u>\$ (77,320)</u>	<u>\$ -</u>	<u>\$ 5,901,770</u>
Business-Type Activities:				
Capital Assets, not being depreciated	\$ -	\$ -	\$ -	\$ -
Land	135,354	-	-	135,354
Construction in Progress	447,576	1,335,568	-	1,783,144
Total Capital Assets, not being depreciated	<u>582,930</u>	<u>1,335,568</u>	<u>-</u>	<u>1,918,498</u>
Capital Assets, being depreciated:				
Building and Improvements	4,425,684	-	-	4,425,684
Machinery and Equipment	1,173,257	-	-	1,173,257
Total Capital Assets being depreciated	<u>5,598,941</u>	<u>-</u>	<u>-</u>	<u>5,598,941</u>
Less Accumulated Depreciation for:				
Building and Improvements	1,368,478	137,938	-	1,506,416
Machinery and Equipment	286,396	2,875	-	289,271
Total Accumulated Depreciation	<u>1,654,874</u>	<u>140,813</u>	<u>-</u>	<u>1,795,687</u>
Total Capital Assets, being depreciated, net	<u>3,944,067</u>	<u>-</u>	<u>-</u>	<u>3,803,254</u>
Business-Type activities capital assets, net	<u>\$ 4,526,997</u>	<u>\$ 1,335,568</u>	<u>\$ -</u>	<u>\$ 5,721,752</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

7. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government Services	\$ 40,128
Public Works, including depreciation of general infrastructure assets	97,546
Education	<u>130,494</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 268,168</u>
Business-Type Activities:	
Sewer and Water Commission	<u>\$ 140,813</u>

8. GENERAL LONG-TERM DEBT

Changes in General Long-Term Debt are summarized below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Bonds and Debt Payable, July 1, 2009	\$ 1,261,087	\$ 1,665,490	\$ 2,926,577
Additions	-	934,000	934,000
Deductions	<u>(258,142)</u>	<u>(142,550)</u>	<u>(400,692)</u>
Bonds and Debt Payable, June 30, 2010	<u>\$ 1,002,945</u>	<u>\$ 2,456,940</u>	<u>\$ 3,459,885</u>

The annual requirements to amortize all outstanding debt are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2011	\$ 254,057	\$ 177,593	\$ 431,650
2012	190,007	181,607	371,614
2013	46,009	185,734	231,743
2014	47,062	189,972	237,034
2015	48,168	194,326	242,494
2016-2040	417,642	1,527,708	1,945,350
	<u>\$ 1,002,945</u>	<u>\$ 2,456,940</u>	<u>\$ 3,459,885</u>

Bonds and Debt payable at June 30, 2010 are comprised of the following obligations:

Bonds payable dated 10-2002 to 05-2012 payable at various
annual installments plus interest between 2.00% and 3.30% -
General Fund.

\$ 355,000

Note payable dated 09-2005 to Salisbury Bank and Trust
Company, payable \$3,272 a month, including interest at 4.90%,
final payment due 09-2025 - General Fund.

421,204

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

8. GENERAL LONG-TERM DEBT (CONTINUED)

Note payable dated 12-2005 to Salisbury Bank and Trust Company in the amount of \$350,000, payable \$25,000 per annum plus interest at the banks variable municipal loan rate, currently 4.55%, final payment due 12-2020 –General Fund.	226,741
Note payable dated 12-1999 to State of Connecticut Clean Water Fund, payable \$6,568 a month, including interest at 2.77%, final payment due 05-2017 – Enterprise Fund.	490,199
Note payable dated 12-2000 to State of Connecticut Drinking Water Fund, payable \$1,110 a month, including interest at 2.60%, final payment due 06-2020 – Enterprise Fund.	117,159
Note Payable dated 06/01 to State of Connecticut Clean Water Fund, payable \$5,503 a month, including interest at 2.77%, final payment due 12-2020 – Enterprise Fund.	601,017
Note Payable dated 06-2004 to State of Connecticut Drinking Water Fund, payable \$2,275 a month, including interest at 2.40% after first payment of \$27,166 in December 2004, final payment due 12-2023 –Enterprise Fund.	314,565
Note Payable dated 10-2009 to USDA, payable \$31,134 per annum plus interest at the rate of 4.13%, final payment due 10-2039-Enterprise Fund.	<u>934,000</u>
TOTAL BONDS AND NOTES PAYABLE	<u>\$ 3,459,885</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

The approximate annual requirements to amortize all bonds and notes payable at June 30, 2010 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	431,649	119,043	550,692
2012	371,614	104,823	476,437
2013	231,743	92,563	324,306
2014	237,034	84,850	321,884
2015	242,494	76,967	319,461
2016	248,131	68,908	317,039
2017	240,812	60,686	301,498
2018	179,755	53,620	233,375
2019	183,704	47,250	230,954
2020	164,532	41,231	205,763
2021	120,334	36,070	156,404
2022	89,757	32,346	122,103
2023	92,023	28,796	120,819
2024	80,667	25,216	105,883
2025	68,913	22,035	90,948
2026	40,867	19,343	60,210
2027	31,134	17,979	49,113
2028	31,134	16,695	47,829
2029	31,134	15,411	46,545
2030	31,134	14,126	45,260
2031	31,134	12,842	43,976
2032	31,134	11,558	42,692
2033	31,134	10,273	41,407
2034	31,134	8,989	40,123
2035	31,134	7,705	38,839
2036	31,134	6,421	37,555
2037	31,134	5,136	36,270
2038	31,134	3,852	34,986
2039	31,134	2,568	33,702
2040	31,114	1,283	32,397
	<u>\$ 3,459,885</u>	<u>\$ 1,048,585</u>	<u>\$ 4,508,470</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

8. GENERAL LONG-TERM DEBT (CONTINUED)

Of the above amounts, the Enterprise Fund is responsible for principal payments amounting to \$2,456,940 and interest payments amounting to \$807,942. The balance will be paid via General Fund appropriations.

During the year ended June 30, 2010, The Town of Sharon issued Bond Anticipation Notes in the amount of \$760,000. These are related to the SSRRA Capital Project which will have permanent bonding in the future.

The town's indebtedness does not exceed the legal debt limitations as established by Connecticut general statutes as reflected in the supplementary schedule.

The total overall statutory debt limit for the town is equal to seven times annual receipts from taxation or \$61,416,075.

Sharon is a member of the Regional School District #1. The Town of Sharon's share of the school district's indebtedness as of June 30, 2010 was \$930,321. These are general obligations of Regional School District #1 and its member town.

9. DEFICIT FUND BALANCES

As of June 30, 2010, the SSRRA Capital Project Fund major fund reported a deficit fund balance of \$724,433. This deficit has been supported by bond anticipation notes and will be funded by permanent financing of the project in a future year.

10. PENSION PLAN

Substantially all town and non-certified Board of Education employees are eligible to participate in a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

To be eligible to participate in the plan, the employee must be at least twenty one years of age and complete one year of service. Employees who work less than one thousand hours per annum are not eligible to participate. The town contributes seven percent of base compensation. Plan assets are held in investment accounts through the Plan Administrator.

Vesting is immediate. Employer contributions of \$66,389 amount to 7% of covered payroll \$948,410 which is of 33% of total town payroll \$2,891,605.

A summary of changes in plan assets for the year ended June 30, 2010 is presented below:

Balance, July 1, 2009	\$	407,303
Contributions:		
Town		66,389
Investment Earnings (Loss)		52,387
Expenses:		
Distributions		-
Administrative		(1,350)
Balance, June 30, 2010	\$	<u>524,729</u>

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

10. PENSION PLAN (CONTINUED)

Teachers Retirement System:

All teachers employed by the Town of Sharon participate in the Connecticut Teacher's Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and had accumulated thirty-five years of credited service in the public schools of Connecticut.

The Board of Education withholds seven percent (7%) of all teachers and administrators annual salaries and transmits the funds to the State Teachers Retirement Board. Teacher and administrators payroll subject to retirement amounted to approximately \$1,510,097 or 52.2% of the total town payroll of \$2,891,605.

The retirement system for teachers is funded by the state based upon the recommendation of the Teacher's Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. For the year ended June 30, 2010 the town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$233,612 for payments made by the State of Connecticut on-behalf of the town. The town does not have any liability for teacher pensions.

11. LITIGATION

Legal counsel indicates that there are no material or substantial claims against the town nor is there pending litigation which would be finally determined so as to result in a final judgment against the town which would materially adversely affect its financial position.

12. SUPPLEMENTAL DISCLOSURE FOR THE STATEMENT OF CASH FLOWS

During the year ended June 30, 2010, the Town of Sharon Sewer and Water Commission paid interest expense in the amount of \$42,921. There were no non-cash investing or financing activities for the year ended June 30, 2010.

13. AMORTIZATION

During the year ended June 30, 2000, the Sewer and Water Commission refinanced existing debt and incurred refinancing costs in the amount of \$ 5,900. These costs are being amortized over the life of the new loan. Amortization expense amounted to \$ 347 for the year ended June 30, 2010.

14. RISK MANAGEMENT

The town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The town purchases commercial insurance for all risks of loss. During the year ended June 30, 2010 deductibles paid by the town were not significant.

TOWN OF SHARON
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

15. RESTRICTED NET ASSETS

At June 30, 2010, the Board of Commissioners of the Sewer and Water Commission has designated and reserved \$524,769 of retained earnings for capital improvements. The following is a summary of these designations:

Calkinstown Reservoir	\$ 424,769
Contractor Projects	<u>100,000</u>
	<u><u>\$ 524,769</u></u>

16. CONSTRUCTION IN PROGRESS

At June 30, 2010, the Town of Sharon Sewer and Water Commission had incurred the following costs related to the following construction projects:

Town Reservoir	\$ 89,430
Sewer Plant Improvements	<u>1,693,714</u>
	<u><u>\$ 1,783,144</u></u>

17. GRANTS RECEIVABLE

At June 30, 2010, the Town of Sharon Sewer and Water Commission had grants receivable related to a construction project in process. These amounts represent monies expended by the Sewer and Water Commission and to be reimbursed from federal and state grants. They total \$22,840 as of June 30, 2010.

18. SUBSEQUENT EVENTS

On October 29, 2010, the Sewer and Water Commission loan payable to the United States Department of Agriculture in the amount of \$934,000 was paid off via a cash payment of \$234,000 and a new loan in the amount of \$700,000. The new loan is for 30 years at the rate of 4.25% and commences in November, 2010.

At a town meeting on August 27, 2010, authorization was given to appropriate up to \$6,280,000 for road repairs and rehabilitation work in the Town of Sharon. On November 3, 2010, general obligation bond anticipation notes were issued in the amount of \$6,000,000. The proceeds of the bond anticipation notes were utilized for the public works project as well as the payoff of the Soil Contamination Note Payable in the amount of \$233,019.

APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Sharon
Sharon, Connecticut

We have represented the Town of Sharon, Connecticut as Bond Counsel in connection with the issuance by the Town of \$7,235,000 General Obligation Bonds, Issue of 2011, dated as of August 1, 2011.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Sharon is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Bonds are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the

Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Bonds are “qualified tax-exempt obligations” for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for Federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for Federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt “private activity bonds” is treated as a preference item. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not “private activity” the Bonds so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation’s alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations”. The Town’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be “qualified tax-exempt obligations” for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and

certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the Federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of Federal or State of Connecticut taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of August 2, 2011 by the Town of Sharon, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$7,235,000 General Obligation Bonds, Issue of 2011, dated as of August 1, 2011 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated July 20, 2011 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2011) as follows:

(i) Financial statements of the Issuer's general fund, and any special revenue, capital projects, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt as of the close of the fiscal year,
- (F) total direct debt of the Issuer per capita,
- (G) ratio of the total direct debt to the net taxable grand list, and
- (H) statement of statutory debt limitation as of the close of the fiscal year.

(b) statement of statutory debt limitation as of the close of the fiscal year, The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's First Selectman, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the First Selectman is Town Hall, 63 Main Street, P.O. Box 224, Sharon, Connecticut 06069-0224.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF SHARON

By _____
Robert J. Loucks
First Selectman

By _____
Tina M. Pitcher
Treasurer

APPENDIX D - NOTICE OF SALE FOR THE BONDS

NOTICE OF SALE
\$7,235,000
Town of Sharon, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

ELECTRONIC BIDS via PARITY® will be received by the Town of Sharon, Connecticut at Webster Bank, National Association, CityPlace II, 3rd Floor, Government Finance, 185 Asylum Street, Hartford, Connecticut, until **11:30 A.M. (Eastern Daylight Time) on WEDNESDAY,**

JULY 20, 2011

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$7,235,000 General Obligation Bonds, Issue of 2011
Payable annually on August 1, 2013 as follows:

\$530,000 in 2013 through 2019
\$525,000 in 2020
\$500,000 in 2021 through 2026

The Bonds will be dated August 1, 2011, with interest payable on February 1, 2012 and thereafter semiannually on each August 1st and February 1st.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing after August 1, 2018 are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2018, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2018 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the

Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 1, 2011, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and the Bonds are "qualified tax-exempt obligations"; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Official Statement. The Town of Sharon has prepared a preliminary Official Statement for the Bond issue which is dated July 11, 2011. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 50 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Webster Bank, National Association, Hartford, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning

purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about August 2, 2011 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Webster Bank, National Association, CityPlace II, 3rd Floor, 185 Asylum Street, Hartford, Connecticut 06103-3494 (telephone: (203) 578-2203) or from Ms. Tina M. Pitcher, Treasurer, Town of Sharon, Town Hall, P.O. Box 224, 63 Main Street, Sharon, Connecticut 06069-0224 (telephone: (860) 364-5789).

ROBERT J. LOUCKS,
First Selectman

TINA M. PITCHER,
Treasurer

July 11, 2011