

CITY OF SHARON

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AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

**CITY OF SHARON**  
MERCER COUNTY, PENNSYLVANIA

BASIC FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

AND

SUPPLEMENTARY INFORMATION AS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS AND THE  
UNIFORM GUIDANCE

WITH

INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED  
DECEMBER 31, 2025**

**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**

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**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**

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# **Turnley Robertson & Associates LLC**

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**To the Members of Management and City Council  
City of Sharon**

## **Independent Auditor's Report**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sharon, Mercer County, Pennsylvania as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Sharon's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sharon as of December 31, 2025 and the respective changes in financial position, where applicable cash flows and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sharon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sharon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sharon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sharon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xvi and the defined benefit trust funds' historical pension information on pages 63-72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Sharon's basic financial statements. The supplementary information (Schedules 1 through 4) and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information (Schedules 1 through 4) and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of City of Sharon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sharon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sharon's internal control over financial reporting and compliance.

*Turnley Robertson & Associates LLC*

Turnley Robertson & Associates LLC

September 30, 2026  
New Brighton, Pennsylvania

**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**INTRODUCTION**

This discussion and analysis of the City of Sharon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2025. The intent of Management's Discussion and Analysis (MD&A) is to provide readers with an appreciation for the financial status of the City, the challenges faced, and accomplishments achieved. The reader should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the City's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD& A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2025 are as follows:

- The real estate tax remained at 29.51 mills from 2024 to 2025.
- The City's governmental activities net position increased by \$3,331,914 in 2025 from \$12,842,166 to \$16,194,683 (there was also a prior period adjustment totaling \$20,603).
- General Fund unassigned fund balance at December 31, 2025 was \$1,413,717, a decrease of \$45,625 from December 31, 2024.

**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

The Annual Comprehensive Financial Report (ACFR) consists of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the City of Sharon as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City's operations in more detail than the government-wide statements. The governmental funds statements tell how general City services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. The firemen's and police pension funds comprise the City's fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) (Continued)**

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Figure A-1  
Required Components of  
City of Sharon’s Annual Comprehensive Financial Report**

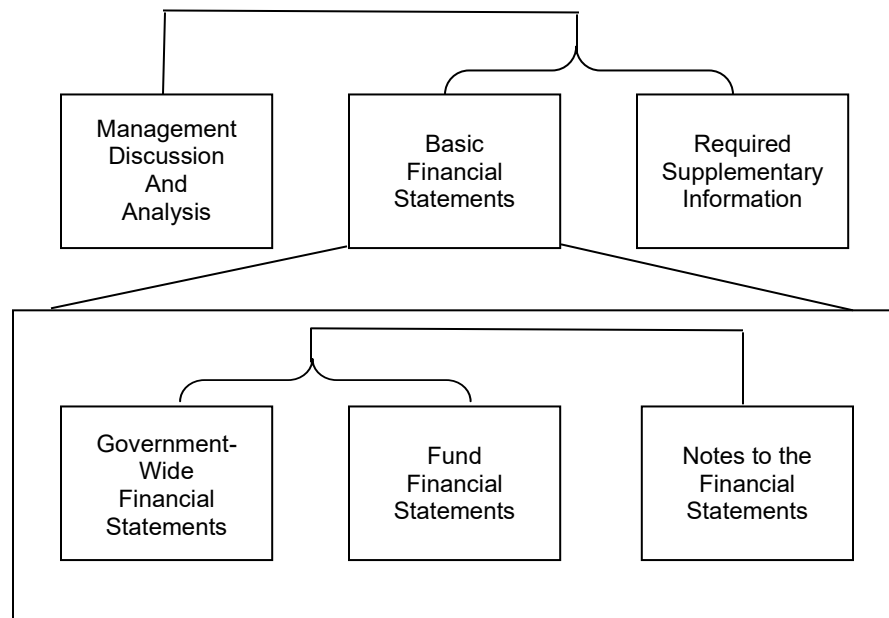


Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2025**

**USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) (Continued)**

**Figure A-2**  
**Major Features of the City of Sharon**  
**Government-wide and Fund Financial Statements**

|                                               | <b>GOVERNMENT-WIDE<br/>STATEMENTS</b>                                                | <b><u>FUND STATEMENTS</u></b>                                                                                                                                                              |                                                                                                 |
|-----------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                               |                                                                                      | <b>GOVERNMENTAL FUNDS</b>                                                                                                                                                                  | <b>FIDUCIARY FUNDS</b>                                                                          |
| <b>SCOPE</b>                                  | Entire City (except fiduciary funds)                                                 | The activities of the City that are not proprietary or fiduciary, such as public safety, public works and general administration                                                           | Instances in which the City is the trustee or agent to someone else's resources – Pension Funds |
| <b>REQUIRED FINANCIAL STATEMENTS</b>          | Statement of net position<br>Statement of activities                                 | Balance Sheet<br>Statement of revenues, expenditures, and changes in fund balance                                                                                                          | Statement of fiduciary net position<br>Statement of changes in fiduciary net position           |
| <b>ACCOUNTING BASIS AND MEASUREMENT FOCUS</b> | Accrual accounting and economic resources focus                                      | Modified accrual accounting and current financial resources focus                                                                                                                          | Accrual accounting and economic resources focus                                                 |
| <b>TYPE OF ASSET/LIABILITY INFORMATION</b>    | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included                                                            | All assets and liabilities, both short-term and long-term                                       |
| <b>TYPE OF INFLOW-OUTFLOW INFORMATION</b>     | All revenues and expenses during year, regardless of when cash is received or paid   | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid              |

**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2025**

## **OVERVIEW OF FINANCIAL STATEMENTS**

### **GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position, the difference between the City's assets and liabilities, are one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, you need to consider additional non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure (roads and sewers).

The government-wide financial statements of the City consist of the following category:

- **Governmental activities** – All of the City's basic services are included here, such as general administration, public safety and public works. Property and Act 511 taxes and state grants finance most of these activities.

### **FUND FINANCIAL STATEMENTS**

The City's fund financial statements, which begin on Page 4, provide detailed information about the most significant funds – not the City as a whole. The general and highway aid funds are required by state law.

**Governmental Funds** – Most of the City's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2025**

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

**Fiduciary Funds** – The City is the trustee, or fiduciary, for the non-uniform, firemen, and police pension funds. The police and firemen's pension plan fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on Pages 9 and 10. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The City has presented its financial statements using the reporting model required by Government Accounting Standards Board Statement No. 34 (GASB Statement #34), "Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments.

The City's net position, excluding the City of Sharon Sanitary Authority (component unit), on December 31, 2025 vs. December 31, 2024 is presented below:

Table A-1

**Summary of Statement of Net Position**

|                                                                | <b>2025</b>          | <b>2024</b>          | <b>Variance</b>       |
|----------------------------------------------------------------|----------------------|----------------------|-----------------------|
| Current Assets                                                 | \$ 13,692,953        | \$ 14,245,226        | \$ (552,273)          |
| Capital and Other Assets                                       | 16,754,273           | 14,583,129           | 2,171,144             |
| Deferred Outflows of Resources                                 | 5,241,744            | 6,853,867            | (1,612,123)           |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>     | <b>\$ 35,688,970</b> | <b>\$ 35,682,222</b> | <b>\$ 6,748</b>       |
| Current Liabilities                                            | \$ 3,755,640         | \$ 5,466,906         | \$ (1,711,266)        |
| Long-term Liabilities                                          | 10,473,036           | 12,934,649           | (2,461,613)           |
| Deferred Inflows of Resources                                  | 5,265,611            | 4,438,501            | 827,110               |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b> | <b>\$ 19,494,287</b> | <b>\$ 22,840,056</b> | <b>\$ (3,345,769)</b> |
| Net Investment in Capital Assets                               | \$ 7,673,320         | \$ 6,021,536         | \$ 1,651,784          |
| Restricted                                                     | 1,561,779            | 525,435              | 1,036,344             |
| Unrestricted (Deficit)                                         | 6,959,584            | 6,295,195            | 664,389               |
| <b>TOTAL NET POSITION</b>                                      | <b>\$ 16,194,683</b> | <b>\$ 12,842,166</b> | <b>\$ 3,352,517</b>   |

**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2025**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)**

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the City's activities that are supported by other general revenues. The largest general revenues are local taxes assessed to and derived from community taxpayers.

Table A-2 takes the information from the Statement of Activities, excluding the City of Sharon Sanitary Authority (component unit), rearranges it slightly, so you can see our total revenues, expenses, and change to the net position for 2025.

Table A-2  
Changes in Net Position

|                                            | <b>2025</b>          | <b>2024</b>          | <b>Variance</b>     |
|--------------------------------------------|----------------------|----------------------|---------------------|
| <b>REVENUES</b>                            |                      |                      |                     |
| <b>Program Revenues:</b>                   |                      |                      |                     |
| Charges for Services                       | \$ 1,441,568         | \$ 1,489,105         | \$ (47,537)         |
| Operating/Capital Grants and Contributions | 6,539,474            | 4,541,492            | 1,997,982           |
| <b>General Revenues:</b>                   |                      |                      |                     |
| Property Taxes                             | 3,064,015            | 2,865,928            | 198,087             |
| Other Taxes                                | 5,264,788            | 5,158,380            | 106,408             |
| Interest                                   | 440,614              | 538,754              | (98,140)            |
| Rents                                      | 7,676                | 7,420                | 256                 |
| Contributions and Donations                | 34,128               | 17,259               | 16,869              |
| Miscellaneous                              | 529,098              | 343,381              | 185,717             |
| <b>TOTAL REVENUES</b>                      | <b>\$ 17,321,361</b> | <b>\$ 14,961,719</b> | <b>\$ 2,359,642</b> |
| <b>EXPENSES</b>                            |                      |                      |                     |
| General Government                         | \$ 1,225,387         | \$ 1,088,464         | \$ 136,923          |
| Public Safety                              | 6,274,679            | 4,992,965            | 1,281,714           |
| Health and Human Services                  | 413,126              | 405,419              | 7,707               |
| Public Works                               | 2,159,609            | 1,571,481            | 588,128             |
| Culture and Recreation                     | 96,998               | 167,457              | (70,459)            |
| Community Development                      | 2,488,103            | 2,591,169            | (103,066)           |
| Debt Service                               | 78,060               | 88,191               | (10,131)            |
| Insurance                                  | 520,031              | 346,624              | 173,407             |
| Other Miscellaneous                        | 95,633               | 67,875               | 27,758              |
| Depreciation - Unallocated                 | 637,821              | 602,337              | 35,484              |
| <b>TOTAL EXPENSES</b>                      | <b>\$ 13,989,447</b> | <b>\$ 11,921,982</b> | <b>\$ 2,067,465</b> |
| <b>CHANGE IN NET POSITION</b>              | <b>\$ 3,331,914</b>  | <b>\$ 3,039,737</b>  | <b>\$ 292,177</b>   |

**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)**

**PROGRAM REVENUES AND EXPENSES**

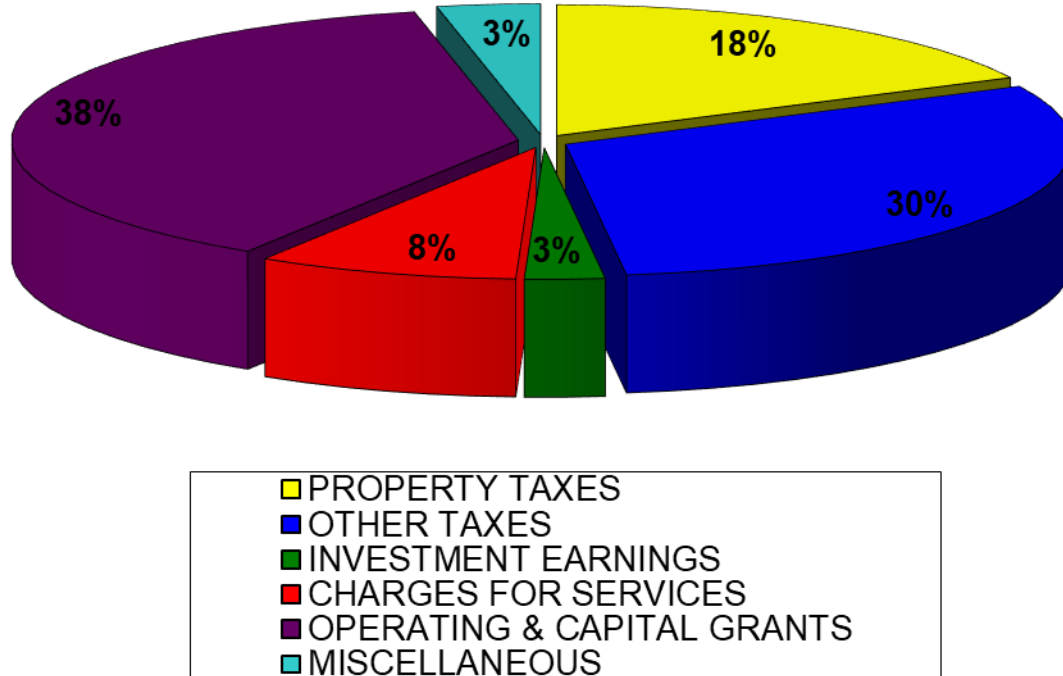
Total government-wide revenues of \$17,321,361, which excludes the City of Sharon Sanitary Authority (component unit), were derived primarily from Property and other taxes representing approximately 48.1% of the total revenues. Operating and Capital Grants and Contributions made up the next largest source of revenue of approximately 37.8%.

**SOURCE OF REVENUES**

**TOTAL REVENUES: \$17,321,361**

**GOVERNMENTAL ACTIVITIES**

The following chart graphically depicts the government-wide program revenues for the fiscal year ended December 31, 2025.



**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE** (Continued)

**PROGRAM REVENUES AND EXPENSES** (Continued)

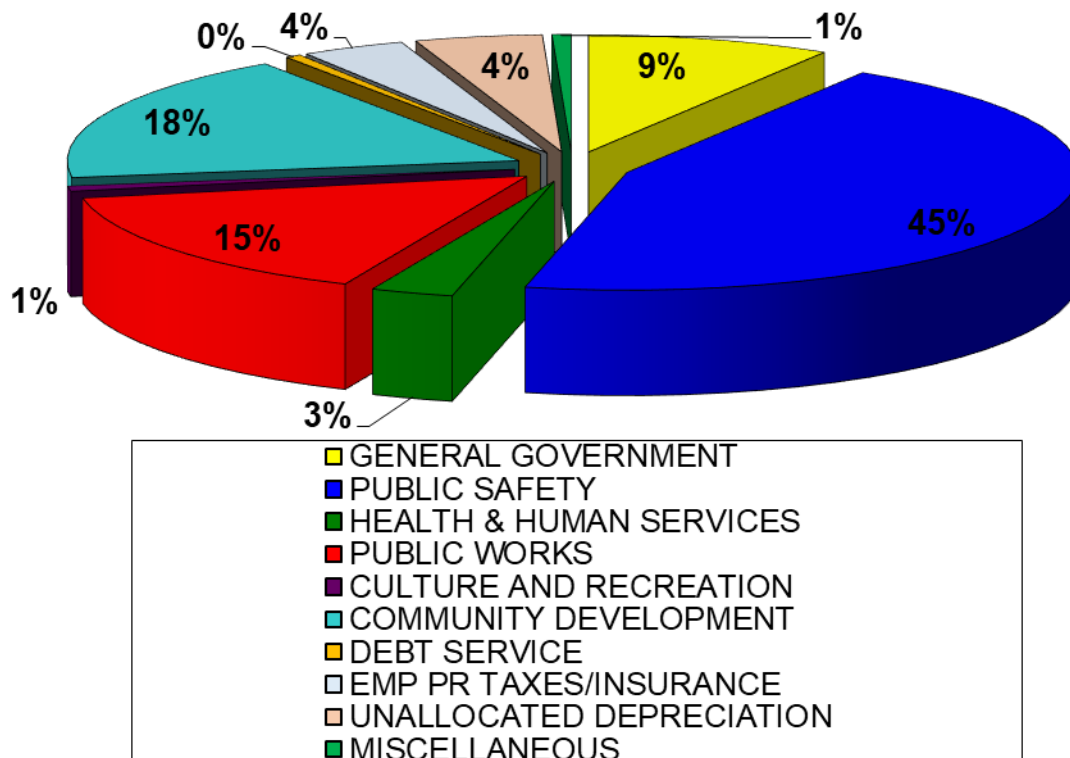
Total expenses for all programs in 2025 were \$13,989,447, which excludes the City of Sharon Sanitary Authority (component unit). The expenses reflect the delivery of a wide range of services, with the largest areas being public safety at 44.9%, community development at 17.8%, public works at 15.4% and general government at 8.8%. All other expenses were under 5% each.

**PROGRAM EXPENSES**

**TOTAL EXPENSES: \$13,989,447**

**Governmental Activities**

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2025.



**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2025**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)**

Table A-3  
Governmental Activities

|                                                            | 2025                             |                                | 2024                             |                                |
|------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                            | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                                            |                                  |                                |                                  |                                |
| General Government                                         | \$ 1,225,387                     | \$ (926,891)                   | \$ 1,088,464                     | \$ 290,427                     |
| Public Safety - Police                                     | 4,286,986                        | 2,871,861                      | 3,304,756                        | 2,201,783                      |
| Public Safety - Fire                                       | 1,790,099                        | 1,376,908                      | 1,671,392                        | 1,309,843                      |
| Public Safety - Other                                      | 197,594                          | 197,594                        | 16,817                           | 16,817                         |
| Health and Human Services                                  | 413,126                          | 165,504                        | 405,419                          | 226,763                        |
| Public Works - Highways                                    | 2,159,609                        | 839,881                        | 1,571,481                        | 347,930                        |
| Culture and Recreation                                     | 96,998                           | 96,998                         | 167,457                          | 159,377                        |
| Community Development                                      | 2,488,103                        | 253,665                        | 2,591,169                        | 397,176                        |
| Debt Service                                               | 78,060                           | 78,060                         | 88,191                           | 88,191                         |
| Insurance                                                  | 520,031                          | 321,371                        | 346,624                          | 182,866                        |
| Other Miscellaneous                                        | 95,633                           | 95,633                         | 67,875                           | 67,875                         |
| Depreciation - Unallocated                                 | 637,821                          | 637,821                        | 602,337                          | 602,337                        |
| <b>TOTAL EXPENSES</b>                                      | <b>\$ 13,989,447</b>             | <b>\$ 6,008,405</b>            | <b>\$ 11,921,982</b>             | <b>\$ 5,891,385</b>            |
| <b>Less:</b>                                               |                                  |                                |                                  |                                |
| Unrestricted Grants, Subsidies                             |                                  | -                              |                                  | -                              |
| <b>TOTAL NEEDS FROM LOCAL TAXES<br/>AND OTHER REVENUES</b> |                                  | <b><u>\$ 6,008,405</u></b>     |                                  | <b><u>\$ 5,891,385</u></b>     |

**CITY OF SHARON**  
**MERCER COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2025**

**THE CITY FUNDS**

The following table compares the revenues, expenditures, and change in fund balance of the City's General Fund for the years 2025 and 2024:

|                                                 | <b>2025</b>           | <b>2024</b>           | <b>VARIANCE</b>     |
|-------------------------------------------------|-----------------------|-----------------------|---------------------|
| <b>REVENUES</b>                                 |                       |                       |                     |
| Taxes                                           | \$ 8,281,480          | \$ 7,954,768          | \$ 326,712          |
| Licenses and Permits                            | 364,326               | 316,534               | 47,792              |
| Fines and Forfeitures                           | 111,020               | 86,127                | 24,893              |
| Interest and Rents                              | 221,360               | 211,155               | 10,205              |
| Intergovernmental                               | 1,683,349             | 1,325,809             | 357,540             |
| Charges for Services                            | 983,422               | 909,803               | 73,619              |
| Miscellaneous                                   | 443,527               | 235,895               | 207,632             |
| <b>TOTAL REVENUES</b>                           | <b>\$ 12,088,484</b>  | <b>\$ 11,040,091</b>  | <b>\$ 1,048,393</b> |
| <b>EXPENSES</b>                                 |                       |                       |                     |
| General Government                              | \$ 1,152,631          | \$ 1,069,858          | \$ 82,773           |
| Public Safety                                   | 6,311,999             | 5,537,366             | 774,633             |
| Health and Human Services                       | 366,773               | 404,869               | (38,096)            |
| Public Works                                    | 1,187,336             | 902,783               | 284,553             |
| Culture and Recreation                          | 123,858               | 188,221               | (64,363)            |
| Community Development                           | 406,049               | 412,433               | (6,384)             |
| Debt Service                                    | 280,095               | 220,200               | 59,895              |
| Insurance/Employee Payroll Taxes/Miscellaneous  | 958,076               | 925,501               | 32,575              |
| <b>TOTAL EXPENSES</b>                           | <b>\$ 10,786,817</b>  | <b>\$ 9,661,231</b>   | <b>\$ 1,125,586</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                       |                       |                     |
| Sale of Property/Supplies                       | \$ 6,526              | \$ 7,368              | \$ (842)            |
| Refund of Prior Year Expenses                   | 94,134                | 84,870                | 9,264               |
| Refund of Prior Year Receipts                   | (94,813)              | (1,496)               | (93,317)            |
| Operating Transfers In                          | 278,747               | 279,288               | (541)               |
| Operating Transfers Out                         | (1,580,228)           | (1,745,931)           | 165,703             |
| <b>TOTAL OTHER FINANCING SOURCES AND (USES)</b> | <b>\$ (1,295,634)</b> | <b>\$ (1,375,901)</b> | <b>\$ 80,267</b>    |
| <b>NET CHANGE IN FUND BALANCE</b>               | <b>\$ 6,033</b>       | <b>\$ 2,959</b>       | <b>\$ 3,074</b>     |

**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**GENERAL FUND BUDGET**

In December of 2024, the City of Sharon adopted its 2025 annual budget for the General Fund in the amount of \$11,323,230. A schedule showing the City's original and final budget amounts compared with amounts actually paid and received is provided on Page 8.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2025, the City had \$10,561,005 invested in capital assets, including land, infrastructure, buildings, machinery and equipment and vehicles net of depreciation. This amount represents a net increase (including additions, deletions and depreciation) of \$1,379,101, or approximately 15% from last year. The City had \$2,016,922 in capital additions during the 2025 year, related to building improvements, infrastructure, and vehicle/equipment purchases.

**Long Term Debt**

At December 31, 2024, the City of Sharon had \$3,165,035 in outstanding debt. During the 2025 calendar year, the City made principal payments on debt totaling \$538,902. The City also entered into a financed purchase agreement with FNB Equipment Finance in the amount of \$265,666 for the purchase of a 2024 Ford F600 Super Duty Dump Truck and a 2024 Ford F350 Pickup Truck. At December 31, 2025, the City had \$2,891,800 in outstanding debt. The City is scheduled to make \$539,029 in debt service principal payments during 2026.

**Pension Trust Fund**

The City of Sharon has three pension plans – non-uniform employees, firemen, and police. The non-uniform employees plan is held with the Pennsylvania Municipal Retirement System (PMRS). The statement of fiduciary net position and changes in fiduciary net position for the police and firemen's pension plans is presented on pages 9 and 10 of the report.

**CITY OF SHARON  
MERCER COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2025**

**CONTACTING THE CITY**

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Robert G. Fiscus  
City Manager  
City of Sharon  
155 West Connelly Blvd.  
Sharon, PA 16146

**CITY OF SHARON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

**EXHIBIT A**

|                                                            | <b>PRIMARY<br/>GOVERNMENT</b>      | <b>COMPONENT<br/>UNIT</b>                        |
|------------------------------------------------------------|------------------------------------|--------------------------------------------------|
|                                                            | <b>Governmental<br/>Activities</b> | <b>City of Sharon<br/>Sanitary<br/>Authority</b> |
| <b>ASSETS</b>                                              |                                    |                                                  |
| <b>Current Assets</b>                                      |                                    |                                                  |
| Cash and Cash Equivalents                                  | \$ 9,817,820                       | \$ 2,520,194                                     |
| Investments - Fair Value                                   | -                                  | 2,730,758                                        |
| Taxes Receivable (Net)                                     | 2,810,626                          | -                                                |
| Due from Other Governmental Units                          | 643,909                            | -                                                |
| Other Accounts Receivable                                  | 151,664                            | 981,862                                          |
| Lease Receivable                                           | -                                  | 187,346                                          |
| Prepaid Expenses                                           | 163,934                            | 97,640                                           |
| Rehab/Small Business Loans (Current Portion)               | 100,000                            | -                                                |
| Inventory                                                  | 5,000                              | -                                                |
| <b>Total Current Assets</b>                                | <b>\$ 13,692,953</b>               | <b>\$ 6,517,800</b>                              |
| <b>Capital Assets</b>                                      |                                    |                                                  |
| Land (non-depreciable)                                     | \$ 533,642                         | \$ -                                             |
| Work in Progress (non-depreciable)                         | 2,035,222                          | -                                                |
| Site Improvements (net)                                    | 2,167,916                          | -                                                |
| Buildings and Improvements (net)                           | 2,222,986                          | -                                                |
| Infrastructure (net)                                       | 1,869,263                          | -                                                |
| Furniture and Equipment (net)                              | 660,575                            | -                                                |
| Vehicles (net)                                             | 284,856                            | -                                                |
| Assets under Capital Lease (net)                           | 786,545                            | -                                                |
| Sewer System and Related Assets (net)                      | -                                  | 25,412,792                                       |
| <b>Total Capital Assets</b>                                | <b>\$ 10,561,005</b>               | <b>\$ 25,412,792</b>                             |
| <b>Other Assets</b>                                        |                                    |                                                  |
| Rehab/Small Business Loans (Long-Term Portion)             | \$ 1,080,633                       | \$ -                                             |
| Net Pension Asset                                          | 5,112,635                          | -                                                |
| Interest Rate SWAP - Fair Value                            | -                                  | 47,787                                           |
| Lease Receivable                                           | -                                  | 2,642,847                                        |
| <b>Total Other Assets</b>                                  | <b>\$ 6,193,268</b>                | <b>\$ 2,690,634</b>                              |
| <b>TOTAL ASSETS</b>                                        | <b>\$ 30,447,226</b>               | <b>\$ 34,621,226</b>                             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |                                    |                                                  |
| Deferred Outflows Related to Pensions                      | \$ 4,472,106                       | \$ 452,413                                       |
| Deferred Outflows Related to OPEB                          | 769,638                            | 127,958                                          |
| <b>Total Deferred Outflows of Resources</b>                | <b>\$ 5,241,744</b>                | <b>\$ 580,371</b>                                |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b> | <b>\$ 35,688,970</b>               | <b>\$ 35,201,597</b>                             |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**

**EXHIBIT A**

|                                                                              | <b><u>PRIMARY<br/>GOVERNMENT</u></b>      | <b><u>COMPONENT<br/>UNIT</u></b>                        |
|------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------|
|                                                                              | <b><u>Governmental<br/>Activities</u></b> | <b><u>City of Sharon<br/>Sanitary<br/>Authority</u></b> |
| <b>LIABILITIES</b>                                                           |                                           |                                                         |
| <b>Current Liabilities</b>                                                   |                                           |                                                         |
| Accounts Payable                                                             | \$ 524,787                                | \$ 141,960                                              |
| Retainage Payable                                                            | 141,759                                   | -                                                       |
| Accrued Payroll                                                              | 103,203                                   | 46,379                                                  |
| Payroll Withholdings                                                         | 23,712                                    | 7,527                                                   |
| Long-Term Debt (Current Portion)                                             | 539,029                                   | 1,375,928                                               |
| Unearned Revenues                                                            | 2,255,018                                 | -                                                       |
| Other Current Liabilities                                                    | 168,132                                   | 12,864                                                  |
| <b>Total Current Liabilities</b>                                             | <b><u>\$ 3,755,640</u></b>                | <b><u>\$ 1,584,659</u></b>                              |
| <b>Noncurrent Liabilities</b>                                                |                                           |                                                         |
| Bonds Payable (Long Term Portion) - Net                                      | \$ -                                      | \$ 2,032,222                                            |
| Notes Payable (Long Term Portion) - Net                                      | 1,941,296                                 | 7,123,578                                               |
| Financed Purchase Agreements Payable (Long Term Portion)                     | 407,360                                   | -                                                       |
| Accrued Interest                                                             | 7,929                                     | 11,679                                                  |
| Compensated Absences                                                         | 223,500                                   | -                                                       |
| Net Pension Liability                                                        | 171,846                                   | 12,545                                                  |
| Net OPEB Liability                                                           | 7,721,105                                 | 443,724                                                 |
| <b>Total Noncurrent Liabilities</b>                                          | <b><u>\$ 10,473,036</u></b>               | <b><u>\$ 9,623,748</u></b>                              |
| <b>TOTAL LIABILITIES</b>                                                     | <b><u>\$ 14,228,676</u></b>               | <b><u>\$ 11,208,407</u></b>                             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                         |                                           |                                                         |
| Unrecognized Revenues from Notes Receivable                                  | \$ 847,642                                | \$ -                                                    |
| Deferred Inflows Related to Lease Revenue                                    | -                                         | 6,425,572                                               |
| Deferred Inflows Related to Interest Rate SWAP                               | -                                         | 47,787                                                  |
| Deferred Inflows Related to Pensions                                         | 4,243,446                                 | 136,680                                                 |
| Deferred Inflows Related to OPEB                                             | 174,523                                   | 133,630                                                 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                   | <b><u>\$ 5,265,611</u></b>                | <b><u>\$ 6,743,669</u></b>                              |
| <b>NET POSITION</b>                                                          |                                           |                                                         |
| Net Investment in Capital Assets                                             | \$ 7,673,320                              | \$ 14,881,064                                           |
| Restricted                                                                   | 1,561,779                                 | 1,335,377                                               |
| Unrestricted                                                                 | 6,959,584                                 | 1,033,080                                               |
| <b>TOTAL NET POSITION</b>                                                    | <b><u>\$ 16,194,683</u></b>               | <b><u>\$ 17,249,521</u></b>                             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND NET POSITION</b> | <b><u>\$ 35,688,970</u></b>               | <b><u>\$ 35,201,597</u></b>                             |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| Functions/Programs                                  | Expenses             | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                                                              |
|-----------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|--------------------------------------------------------------|
|                                                     |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary<br>Government<br>Governmental<br>Activities  | Component<br>Unit<br>City of Sharon<br>Sanitary<br>Authority |
| <b>PRIMARY GOVERNMENT:</b>                          |                      |                         |                                          |                                        |                                                      |                                                              |
| <b>Governmental Activities:</b>                     |                      |                         |                                          |                                        |                                                      |                                                              |
| General Government                                  | \$ 1,225,387         | \$ 494,115              | \$ -                                     | \$ 1,658,163                           | \$ 926,891                                           |                                                              |
| Public Safety - Police                              | 4,286,986            | 169,816                 | 1,245,309                                | -                                      | (2,871,861)                                          |                                                              |
| Public Safety - Fire                                | 1,790,099            | -                       | 413,191                                  | -                                      | (1,376,908)                                          |                                                              |
| Public Safety - Other                               | 197,594              | -                       | -                                        | -                                      | (197,594)                                            |                                                              |
| Health and Human Services                           | 413,126              | 247,622                 | -                                        | -                                      | (165,504)                                            |                                                              |
| Public Works                                        | 2,159,609            | 261,018                 | 437,601                                  | 621,109                                | (839,881)                                            |                                                              |
| Culture and Recreation                              | 96,998               | -                       | -                                        | -                                      | (96,998)                                             |                                                              |
| Community Development                               | 2,488,103            | 268,997                 | 478,923                                  | 1,486,518                              | (253,665)                                            |                                                              |
| Debt Service                                        | 78,060               | -                       | -                                        | -                                      | (78,060)                                             |                                                              |
| Insurance                                           | 520,031              | -                       | 198,660                                  | -                                      | (321,371)                                            |                                                              |
| Other Miscellaneous                                 | 95,633               | -                       | -                                        | -                                      | (95,633)                                             |                                                              |
| Depreciation - Unallocated                          | 637,821              | -                       | -                                        | -                                      | (637,821)                                            |                                                              |
| <b>Total Governmental Activities</b>                | <b>\$ 13,989,447</b> | <b>\$ 1,441,568</b>     | <b>\$ 2,773,684</b>                      | <b>\$ 3,765,790</b>                    | <b>\$ (6,008,405)</b>                                |                                                              |
| <b>TOTAL PRIMARY GOVERNMENT</b>                     | <b>\$ 13,989,447</b> | <b>\$ 1,441,568</b>     | <b>\$ 2,773,684</b>                      | <b>\$ 3,765,790</b>                    | <b>\$ (6,008,405)</b>                                |                                                              |
| <b>Component Units:</b>                             |                      |                         |                                          |                                        |                                                      |                                                              |
| Sanitary Authority                                  | \$ 5,101,363         | \$ 4,778,892            | \$ -                                     | \$ -                                   | \$ -                                                 | \$ (322,471)                                                 |
| <b>Total Component Units</b>                        | <b>\$ 5,101,363</b>  | <b>\$ 4,778,892</b>     | <b>\$ -</b>                              | <b>\$ -</b>                            | <b>\$ -</b>                                          | <b>\$ (322,471)</b>                                          |
| <b>General Revenues:</b>                            |                      |                         |                                          |                                        |                                                      |                                                              |
| Taxes:                                              |                      |                         |                                          |                                        |                                                      |                                                              |
| Property Taxes Levied for General Purposes (net)    |                      |                         |                                          |                                        | \$ 3,064,015                                         | \$ -                                                         |
| Act 511 Taxes                                       |                      |                         |                                          |                                        | 5,264,788                                            | -                                                            |
| Cable Franchise Fees                                |                      |                         |                                          |                                        | 118,437                                              | -                                                            |
| PURTA/Alcohol Beverage Tax/Payment in Lieu of Taxes |                      |                         |                                          |                                        | 41,653                                               | -                                                            |
| Investment Earnings                                 |                      |                         |                                          |                                        | 440,614                                              | 246,498                                                      |
| Rents and Royalties                                 |                      |                         |                                          |                                        | 7,676                                                | 507,288                                                      |
| Sale of Property/Supplies                           |                      |                         |                                          |                                        | 10,526                                               | -                                                            |
| Contributions and Donations                         |                      |                         |                                          |                                        | 34,128                                               | -                                                            |
| Miscellaneous                                       |                      |                         |                                          |                                        | 358,482                                              | 33,814                                                       |
| <b>Total General Revenues</b>                       |                      |                         |                                          |                                        | <b>\$ 9,340,319</b>                                  | <b>\$ 787,600</b>                                            |
| <b>Change in Net Position</b>                       |                      |                         |                                          |                                        | <b>\$ 3,331,914</b>                                  | <b>\$ 465,129</b>                                            |
| Net Position — January 1, 2025                      |                      |                         |                                          |                                        | 12,842,166                                           | 16,784,392                                                   |
| Prior Period Adjustment                             |                      |                         |                                          |                                        | 20,603                                               | -                                                            |
| <b>Net Position — December 31, 2025</b>             |                      |                         |                                          |                                        | <b>\$ 16,194,683</b>                                 | <b>\$ 17,249,521</b>                                         |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2025**

**EXHIBIT C**

|                                                                               | GENERAL<br>FUND     | COMMUNITY<br>DEVELOPMENT<br>FUND | LOCAL<br>FISCAL<br>RECOVERY<br>FUND | CAPITAL<br>PROJECT<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-------------------------------------------------------------------------------|---------------------|----------------------------------|-------------------------------------|----------------------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>                                                                 |                     |                                  |                                     |                            |                                    |                                |
| <b>Current Assets</b>                                                         |                     |                                  |                                     |                            |                                    |                                |
| Cash and Cash Equivalents                                                     | \$ 5,393,909        | \$ 182,441                       | \$ 3,415,582                        | \$ 43,694                  | \$ 782,194                         | \$ 9,817,820                   |
| Taxes Receivable (Net)                                                        | 2,922,611           | -                                | -                                   | -                          | -                                  | 2,922,611                      |
| Due from Other Governmental Units                                             | 446,065             | 39,602                           | -                                   | 66,731                     | 91,511                             | 643,909                        |
| Due from Other Funds                                                          | 38,722              | -                                | -                                   | -                          | 2,543,252                          | 2,581,974                      |
| Other Accounts Receivable                                                     | 151,664             | -                                | -                                   | -                          | -                                  | 151,664                        |
| Prepaid Expenses                                                              | 163,934             | -                                | -                                   | -                          | -                                  | 163,934                        |
| Rehab/Small Business Loans (Current Portion)                                  | -                   | 100,000                          | -                                   | -                          | -                                  | 100,000                        |
| Inventory                                                                     | 5,000               | -                                | -                                   | -                          | -                                  | 5,000                          |
| <b>Total Current Assets</b>                                                   | <b>\$ 9,121,905</b> | <b>\$ 322,043</b>                | <b>\$ 3,415,582</b>                 | <b>\$ 110,425</b>          | <b>\$ 3,416,957</b>                | <b>\$ 16,386,912</b>           |
| <b>Non-Current Assets</b>                                                     |                     |                                  |                                     |                            |                                    |                                |
| Rehab/Small Business Loans (Long-Term Portion)                                | \$ -                | \$ 1,080,633                     | \$ -                                | \$ -                       | \$ -                               | \$ 1,080,633                   |
| <b>Total Non-Current Assets</b>                                               | <b>\$ -</b>         | <b>\$ 1,080,633</b>              | <b>\$ -</b>                         | <b>\$ -</b>                | <b>\$ -</b>                        | <b>\$ 1,080,633</b>            |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 9,121,905</b> | <b>\$ 1,402,676</b>              | <b>\$ 3,415,582</b>                 | <b>\$ 110,425</b>          | <b>\$ 3,416,957</b>                | <b>\$ 17,467,545</b>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>         |                     |                                  |                                     |                            |                                    |                                |
| <b>LIABILITIES</b>                                                            |                     |                                  |                                     |                            |                                    |                                |
| Accounts Payable                                                              | \$ 120,122          | \$ 1,233                         | \$ 74,327                           | \$ 84,762                  | \$ 244,343                         | \$ 524,787                     |
| Retainage Payable                                                             | -                   | -                                | 141,759                             | -                          | -                                  | 141,759                        |
| Accrued Payroll                                                               | 103,203             | -                                | -                                   | -                          | -                                  | 103,203                        |
| Payroll Withholdings                                                          | 23,712              | -                                | -                                   | -                          | -                                  | 23,712                         |
| Due to Other Funds                                                            | 2,543,252           | 38,722                           | -                                   | -                          | -                                  | 2,581,974                      |
| Unearned Revenues                                                             | -                   | 54,866                           | 2,200,152                           | -                          | -                                  | 2,255,018                      |
| Other Current Liabilities                                                     | -                   | -                                | -                                   | -                          | 168,132                            | 168,132                        |
| <b>TOTAL LIABILITIES</b>                                                      | <b>\$ 2,790,289</b> | <b>\$ 94,821</b>                 | <b>\$ 2,416,238</b>                 | <b>\$ 84,762</b>           | <b>\$ 412,475</b>                  | <b>\$ 5,798,585</b>            |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                         |                     |                                  |                                     |                            |                                    |                                |
| Delinquent Real Estate Taxes                                                  | \$ 2,748,965        | \$ -                             | \$ -                                | \$ -                       | \$ -                               | \$ 2,748,965                   |
| Unrecognized Revenues from Notes Receivable                                   | -                   | 1,180,633                        | -                                   | -                          | -                                  | 1,180,633                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>\$ 2,748,965</b> | <b>\$ 1,180,633</b>              | <b>\$ -</b>                         | <b>\$ -</b>                | <b>\$ -</b>                        | <b>\$ 3,929,598</b>            |
| <b>FUND BALANCE</b>                                                           |                     |                                  |                                     |                            |                                    |                                |
| Non-Spendable                                                                 | \$ 168,934          | \$ -                             | \$ -                                | \$ -                       | \$ -                               | \$ 168,934                     |
| Restricted                                                                    | -                   | -                                | -                                   | -                          | 1,561,779                          | 1,561,779                      |
| Assigned                                                                      | 2,000,000           | -                                | -                                   | 25,663                     | 1,442,703                          | 3,468,366                      |
| Unassigned                                                                    | 1,413,717           | 127,222                          | 999,344                             | -                          | -                                  | 2,540,283                      |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>\$ 3,582,651</b> | <b>\$ 127,222</b>                | <b>\$ 999,344</b>                   | <b>\$ 25,663</b>           | <b>\$ 3,004,482</b>                | <b>\$ 7,739,362</b>            |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 9,121,905</b> | <b>\$ 1,402,676</b>              | <b>\$ 3,415,582</b>                 | <b>\$ 110,425</b>          | <b>\$ 3,416,957</b>                | <b>\$ 17,467,545</b>           |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**Total Fund Balances - Governmental Funds****\$ 7,739,362**

Amounts reported for governmental activities in the statement of net position are different than the governmental funds balance sheet because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$20,039,250 and the accumulated depreciation is \$9,478,245. 10,561,005

Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 2,636,980

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions 4,472,106

Deferred inflows of resources related to pensions (4,243,446)

Deferred outflows of resources related to OPEB 769,638

Deferred inflows of resources related to OPEB (174,523)

Net small business loans and rehabilitation loans with terms receivable that will be collected in future years that are not available soon enough to pay for the current period's expenditures. 332,991

Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities at year end consist of:

|                                      |    |             |             |
|--------------------------------------|----|-------------|-------------|
| Notes payable (net)                  | \$ | 2,256,590   |             |
| Financed purchase agreements payable |    | 631,095     |             |
| Net pension asset                    |    | (5,112,635) |             |
| Accrued interest                     |    | 7,929       |             |
| Compensated absences                 |    | 223,500     |             |
| Net pension liability                |    | 171,846     |             |
| Net OPEB liability                   |    | 7,721,105   | (5,899,430) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES****\$ 16,194,683**

**CITY OF SHARON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                                              | GENERAL FUND          | COMMUNITY<br>DEVELOPMENT<br>FUND | LOCAL<br>FISCAL<br>RECOVERY<br>FUND | CAPITAL<br>PROJECT<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------------------------------------|-----------------------|----------------------------------|-------------------------------------|----------------------------|------------------------------------|--------------------------------|
| <b>REVENUES</b>                                              |                       |                                  |                                     |                            |                                    |                                |
| Taxes                                                        | \$ 8,281,480          | \$ -                             | \$ -                                | \$ -                       | \$ -                               | \$ 8,281,480                   |
| Licenses and Permits                                         | 364,326               | -                                | -                                   | -                          | -                                  | 364,326                        |
| Fines and Forfeitures                                        | 111,020               | -                                | -                                   | -                          | -                                  | 111,020                        |
| Interest and Rents                                           | 221,360               | 337                              | 199,553                             | 231                        | 26,809                             | 448,290                        |
| Intergovernmental                                            | 1,683,349             | 478,923                          | 2,199,213                           | 1,052,528                  | 956,653                            | 6,370,666                      |
| Charges for Services                                         | 983,422               | 87,603                           | -                                   | -                          | 1,733                              | 1,072,758                      |
| Donations                                                    | -                     | -                                | -                                   | -                          | 43,344                             | 43,344                         |
| Miscellaneous                                                | 443,527               | -                                | -                                   | -                          | 11,902                             | 455,429                        |
| <b>Total Revenue</b>                                         | <b>\$ 12,088,484</b>  | <b>\$ 566,863</b>                | <b>\$ 2,398,766</b>                 | <b>\$ 1,052,759</b>        | <b>\$ 1,040,441</b>                | <b>\$ 17,147,313</b>           |
| <b>EXPENDITURES</b>                                          |                       |                                  |                                     |                            |                                    |                                |
| General Government                                           | \$ 1,152,631          | \$ 150,109                       | \$ 1,577,656                        | \$ 29,791                  | \$ 110,319                         | \$ 3,020,506                   |
| Public Safety                                                | 6,311,999             | -                                | -                                   | -                          | 8,662                              | 6,320,661                      |
| Health and Human Services                                    | 366,773               | 43,947                           | -                                   | -                          | -                                  | 410,720                        |
| Public Works                                                 | 1,187,336             | -                                | -                                   | 101,951                    | 954,370                            | 2,243,657                      |
| Culture and Recreation                                       | 123,858               | -                                | -                                   | -                          | -                                  | 123,858                        |
| Community Development                                        | 406,049               | 343,341                          | 541,050                             | 945,468                    | 98,280                             | 2,334,188                      |
| Debt Service                                                 | 280,095               | -                                | -                                   | 16,322                     | 299,000                            | 595,417                        |
| Insurance/Miscellaneous                                      | 958,076               | -                                | -                                   | -                          | -                                  | 958,076                        |
| <b>Total Expenditures</b>                                    | <b>\$ 10,786,817</b>  | <b>\$ 537,397</b>                | <b>\$ 2,118,706</b>                 | <b>\$ 1,093,532</b>        | <b>\$ 1,470,631</b>                | <b>\$ 16,007,083</b>           |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 1,301,667</b>   | <b>\$ 29,466</b>                 | <b>\$ 280,060</b>                   | <b>\$ (40,773)</b>         | <b>\$ (430,190)</b>                | <b>\$ 1,140,230</b>            |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                                  |                                     |                            |                                    |                                |
| Sale of Property/Supplies                                    | \$ 6,526              | \$ 4,000                         | \$ -                                | \$ -                       | \$ -                               | \$ 10,526                      |
| Refund of Prior Year Expenses                                | 94,134                | -                                | -                                   | -                          | -                                  | 94,134                         |
| Refund of Prior Year Receipts                                | (94,813)              | (130)                            | -                                   | -                          | -                                  | (94,943)                       |
| Operating Transfers In                                       | 278,747               | -                                | -                                   | 55,851                     | 1,580,228                          | 1,914,826                      |
| Operating Transfers Out                                      | (1,580,228)           | -                                | (80,507)                            | -                          | (254,091)                          | (1,914,826)                    |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ (1,295,634)</b> | <b>\$ 3,870</b>                  | <b>\$ (80,507)</b>                  | <b>\$ 55,851</b>           | <b>\$ 1,326,137</b>                | <b>\$ 9,717</b>                |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 6,033</b>       | <b>\$ 33,336</b>                 | <b>\$ 199,553</b>                   | <b>\$ 15,078</b>           | <b>\$ 895,947</b>                  | <b>\$ 1,149,947</b>            |
| FUND BALANCE - JANUARY 1, 2025                               | 3,576,618             | 93,886                           | 799,791                             | 10,585                     | 2,087,932                          | 6,568,812                      |
| Prior Period Adjustment                                      | -                     | -                                | -                                   | -                          | 20,603                             | 20,603                         |
| <b>FUND BALANCE - DECEMBER 31, 2025</b>                      | <b>\$ 3,582,651</b>   | <b>\$ 127,222</b>                | <b>\$ 999,344</b>                   | <b>\$ 25,663</b>           | <b>\$ 3,004,482</b>                | <b>\$ 7,739,362</b>            |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 1,149,947**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,016,922) exceeds depreciation expense (\$637,821) in the period. 1,379,101

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 752,390

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,071

In the statement of activities, certain operating expenses - compensated absences, retiree benefits, and health benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This is the amount by which compensated absences and retiree health benefits earned exceeded the amount paid. (536,268)

Note issue premiums/discounts are recognized as revenue/expense in the fund statements when the note is issued. These amounts are recognized as part of long-term debt in the government-wide financial statements and amortized over the life of the note. (552)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 538,902

Because certain property and wage taxes will not be collected for several months after the City's year end, they are not considered as "available" revenues in the governmental funds. 47,323

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 3,331,914**

**CITY OF SHARON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                                               | Budgeted Amounts     |                      | Actual                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|----------------------|----------------------|-----------------------|---------------------------------------------------------|
|                                                               | Original             | Final                | (Budgetary Basis)     |                                                         |
| <b>REVENUES</b>                                               |                      |                      |                       |                                                         |
| Taxes                                                         | \$ 7,757,000         | \$ 7,757,000         | \$ 8,281,480          | \$ 524,480                                              |
| Licenses and Permits                                          | 543,249              | 543,249              | 364,326               | (178,923)                                               |
| Fines and Forfeitures                                         | 55,000               | 55,000               | 111,020               | 56,020                                                  |
| Interest and Rents                                            | 107,300              | 107,300              | 221,360               | 114,060                                                 |
| Intergovernmental                                             | 1,296,650            | 1,296,650            | 1,683,349             | 386,699                                                 |
| Charges for Services                                          | 993,224              | 993,224              | 983,422               | (9,802)                                                 |
| Miscellaneous                                                 | 232,607              | 232,607              | 443,527               | 210,920                                                 |
| <b>Total Revenues</b>                                         | <b>\$ 10,985,030</b> | <b>\$ 10,985,030</b> | <b>\$ 12,088,484</b>  | <b>\$ 1,103,454</b>                                     |
| <b>EXPENDITURES</b>                                           |                      |                      |                       |                                                         |
| General Government                                            | \$ 1,221,660         | \$ 1,221,660         | \$ 1,152,631          | \$ 69,029                                               |
| Public Safety                                                 | 6,261,628            | 6,261,628            | 6,311,999             | (50,371)                                                |
| Health and Human Services                                     | 373,074              | 373,074              | 366,773               | 6,301                                                   |
| Public Works                                                  | 1,134,188            | 1,134,188            | 1,187,336             | (53,148)                                                |
| Culture and Recreation                                        | 172,363              | 172,363              | 123,858               | 48,505                                                  |
| Community Development                                         | 447,787              | 447,787              | 406,049               | 41,738                                                  |
| Debt Service                                                  | 299,572              | 299,572              | 280,095               | 19,477                                                  |
| Insurance/Miscellaneous                                       | 1,043,958            | 1,043,958            | 958,076               | 85,882                                                  |
| <b>Total Expenditures</b>                                     | <b>\$ 10,954,230</b> | <b>\$ 10,954,230</b> | <b>\$ 10,786,817</b>  | <b>\$ 167,413</b>                                       |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 30,800</b>     | <b>\$ 30,800</b>     | <b>\$ 1,301,667</b>   | <b>\$ 1,270,867</b>                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                      |                       |                                                         |
| Sale of Property/Supplies                                     | \$ 1,500             | \$ 1,500             | \$ 6,526              | \$ 5,026                                                |
| Refund of Prior Year Expenses                                 | 70,000               | 70,000               | 94,134                | 24,134                                                  |
| Refund of Prior Year Receipts                                 | (70,000)             | (70,000)             | (94,813)              | (24,813)                                                |
| Operating Transfers In                                        | 266,700              | 266,700              | 278,747               | 12,047                                                  |
| Operating Transfers Out                                       | (299,000)            | (299,000)            | (1,580,228)           | (1,281,228)                                             |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (30,800)</b>   | <b>\$ (30,800)</b>   | <b>\$ (1,295,634)</b> | <b>\$ (1,264,834)</b>                                   |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 6,033</b>       | <b>\$ 6,033</b>                                         |
| <b>FUND BALANCE - JANUARY 1, 2025</b>                         | <b>-</b>             | <b>-</b>             | <b>3,576,618</b>      | <b>3,576,618</b>                                        |
| <b>FUND BALANCE - DECEMBER 31, 2025</b>                       | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 3,582,651</b>   | <b>\$ 3,582,651</b>                                     |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2025**

|                                               | <b><u>POLICE<br/>PENSION<br/>FUND</u></b> | <b><u>FIRE PENSION<br/>FUND</u></b> |
|-----------------------------------------------|-------------------------------------------|-------------------------------------|
| <b>ASSETS</b>                                 |                                           |                                     |
| <b>Investments:</b>                           |                                           |                                     |
| Equity Securities                             | \$ 12,165,236                             | \$ 7,636,481                        |
| Common Trust Funds - Fixed                    | 4,405,662                                 | 2,808,829                           |
| Mutual Funds                                  | 2,260,078                                 | 1,456,608                           |
| Short Term Investments                        | 923,540                                   | 411,115                             |
| Accrued Interest                              | 10,384                                    | 6,006                               |
| <b>TOTAL ASSETS</b>                           | <b><u>\$ 19,764,900</u></b>               | <b><u>\$ 12,319,039</u></b>         |
| <br><b>LIABILITIES AND NET POSITION:</b>      |                                           |                                     |
| <b>LIABILITIES</b>                            |                                           |                                     |
| Other Current Liabilities                     | \$ 1,450                                  | \$ 1,450                            |
| <b>TOTAL LIABILITIES</b>                      | <b><u>\$ 1,450</u></b>                    | <b><u>\$ 1,450</u></b>              |
| <br><b>NET POSITION</b>                       |                                           |                                     |
| Held in Trust for Pension Benefits            | \$ 19,763,450                             | \$ 12,317,589                       |
| <b>TOTAL NET POSITION</b>                     | <b><u>\$ 19,763,450</u></b>               | <b><u>\$ 12,317,589</u></b>         |
| <br><b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 19,764,900</u></b>               | <b><u>\$ 12,319,039</u></b>         |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                         | <b>POLICE<br/>PENSION FUND</b> | <b>FIRE PENSION<br/>FUND</b> |
|-----------------------------------------|--------------------------------|------------------------------|
| <b>ADDITIONS</b>                        |                                |                              |
| Interest/Dividends                      | \$ 252,992                     | \$ 157,409                   |
| Realized Gains/(Losses)                 | 878,215                        | 671,213                      |
| Unrealized Gains/(Losses)               | 1,105,782                      | 602,276                      |
| Municipal Pension State Aid             | 647,303                        | 132,580                      |
| Employer Contributions                  | 40,217                         | 7,382                        |
| Employee Contributions                  | 105,606                        | 49,076                       |
| Miscellaneous                           | 196                            | 142                          |
| <b>TOTAL ADDITIONS</b>                  | <b>\$ 3,030,311</b>            | <b>\$ 1,620,078</b>          |
| <b>DEDUCTIONS</b>                       |                                |                              |
| Benefit Payments                        | \$ (1,228,522)                 | \$ (701,180)                 |
| Administrative Expenses                 | (111,210)                      | (80,955)                     |
| <b>TOTAL DEDUCTIONS</b>                 | <b>\$ (1,339,732)</b>          | <b>\$ (782,135)</b>          |
| <b>CHANGES IN NET POSITION</b>          | <b>\$ 1,690,579</b>            | <b>\$ 837,943</b>            |
| <b>NET POSITION - JANUARY 1, 2025</b>   | <b>18,072,871</b>              | <b>11,479,646</b>            |
| <b>NET POSITION - DECEMBER 31, 2025</b> | <b>\$ 19,763,450</b>           | <b>\$ 12,317,589</b>         |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The City of Sharon was incorporated in 1918 under the provisions governing the creation of municipal corporations in the Commonwealth of Pennsylvania. The administration of the City consists of a five-member City Council and a City Manager. Members of the City Council are elected by the voting public. The City Council appoints a City Manager to administer the day-to-day operations of the City. The major functions of the City include public safety, fire protection, public works, health and sanitation, parks and recreation, community development and general administrative services.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of The City of Sharon consists of all funds, departments, boards and agencies that are not legally separate from the City. As defined by generally accepted accounting standards, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City. In accordance with this guidance, a legally separate organization should be reported as a component unit of a reporting entity if the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The main criteria that the City uses to determine the existence of a component unit is Financial Accountability described as follows:

- **Financial Accountability** – Elected officials are accountable for an organization if they appoint a voting majority of the potential component unit's governing board. In addition, financial accountability exists when there is a potential for the component unit to provide specific benefits to or impose specific financial burdens on the primary government.

Based on the application of the above criteria, the accompanying financial statements include the activity of the City's component unit, the City of Sharon Sanitary Authority. The financial accountability criteria and description of both entities are as follows:

**CITY OF SHARON SANITARY AUTHORITY**

The City of Sharon **1)** appoints all members of the City of Sharon Sanitary Authority governing board and **2)** has guaranteed the Authority's Guaranteed Sewer Revenue Bonds – Series of 2016 (Note 13).

The City of Sharon Sanitary Authority (the Authority) was created by the City of Sharon in 1960 under the Pennsylvania Municipal Authorities Act of 1945 as amended. The Authority was established for the purpose of constructing, financing, and operating wastewater treatment systems in the City of Sharon. The City and Authority entered into an operating and purchase agreement whereby the City sold the Collection System to the Authority. Effective September 1, 2007, the Authority has assumed operations of the System, as well as the assets and liabilities of the System. The financial statements of the Authority are included as part of the accompanying financial statements and are discretely presented on the City of Sharon's statement of net position and statement of activities. A copy of the City of Sharon Sanitary Authority audited financial statements for the year ended December 31, 2025, is available at the City offices.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**REPORTING ENTITY (Continued)**

The following entities that perform activities within the City's boundaries are excluded from the accompanying financial statements because the City is not financially accountable for these entities nor are they fiscally dependent on the City:

- City of Sharon Industrial Development Authority

The City of Sharon Sanitary Authority participates in the Upper Shenango Valley Water Pollution Control Authority which is a jointly governed organization as described in Note 17.

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the City as a whole. These statements include the financial activities of the primary government (The City of Sharon), except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City does not administer any business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibits D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and component unit. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. General revenue consists mainly of taxes, cable franchise fees, unrestricted grants, and other miscellaneous receipts not earmarked for a specific function. The comparison of direct disbursements with program receipts identifies the extent to which the government function is self-financing or draws from the general receipts of the City.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major funds represent the City's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. Each major fund is presented in a separate column. In Exhibit C, non-major funds are segregated and presented in a single column. Fiduciary funds are reported by fund type.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The financial statements of the City of Sharon have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the City's accounting policies are as follows:

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Governmental activities in the government-wide financial statements and governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. Fiduciary funds are reported using the economic resources measurement focus.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year end.

Revenue resulting from non-exchange transactions, in which the City receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' (as previously defined) before it can be recognized.

The management of the City of Sharon has determined that the revenues most susceptible to accrual at December 31, 2025 are **1)** delinquent real estate taxes, **2)** real estate transfer taxes, **3)** certain Act 511 taxes, **4)** cable franchise fees for the fourth quarter of 2025 and **5)** other miscellaneous items of income pertaining to the 2025 calendar year received subsequent to December 31, 2025. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2025 are those for which City Council's intention was to expense these items as budgeted for in the 2025 official budget, and for which the City has incurred an obligation during 2025 but has not paid as of December 31, 2025.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

Allocations of cost, such as depreciation expense, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**FUND ACCOUNTING**

The City uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major and non-major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - Established under 'The Third-Class City Code' of the Commonwealth of Pennsylvania and is used for the general operations of the City. Income in this fund is derived mainly from assessed revenue such as real estate taxes, local taxes established under Act 511 and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the City and other miscellaneous operating expenses.

**COMMUNITY DEVELOPMENT FUND** – (SPECIAL REVENUE) - Established to account for CDBG monies and other grants and donations to be used for various community development rehabilitation, economic development, and other approved projects within the City.

**LOCAL FISCAL RECOVERY FUND** – (SPECIAL REVENUE) - Established to account for Coronavirus American Rescue Plan funds received.

**CAPITAL PROJECT FUND** - Established to account for various grant revenues and transfers from the General Fund to be used for capital expenditures as deemed necessary by City management.

**NON-MAJOR GOVERNMENTAL FUNDS:**

**HIGHWAY AID FUND** (SPECIAL REVENUE) - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the City is responsible.

**DRUG FORFEITURE FUND** (SPECIAL REVENUE) - Established to account for deposits from forfeited drug money and expenses for the purchase of drugs purchased by undercover patrolmen.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**NON- MAJOR GOVERNMENTAL FUNDS: (Continued)**

**EMERGENCY DEMOLITION FUND** (SPECIAL REVENUE) - Established to account for deposits to be used for emergency demolitions throughout the City.

**K-9 FUND** (SPECIAL REVENUE) - Established to account for monies received from donations to be used for expenses related to the police K-9 program.

**POLICE EQUIPMENT FUND** (SPECIAL REVENUE) - Established to account for donations received to be used for the purchase of police items.

**POLICE EVIDENCE FUND** (SPECIAL REVENUE) - Established to account for police evidence and property monies to be held in a separate account.

**SICK LEAVE BUYBACK FUND** (SPECIAL REVENUE) - Established to account for sick leave buy back funds.

**FIRE INSURANCE ESCROW FUND** (SPECIAL REVENUE) - Established to account for deposits related to fire insurance.

**ZONING BOARD FUND** (SPECIAL REVENUE) - Established to account for deposits related to zoning board.

**BEAUTIFICATION COMMISSION FUND** (SPECIAL REVENUE) - Established to account for donations related to the beautification of the City.

**CAPITAL RESERVE FUND** - Established to account for transfers from the General Fund to be used to various capital expenses of the City.

**DEBT SERVICE FUND** - Established to account for transfers from the General Fund to be used for principal and interest payments made on the General Obligation Notes.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds report fiduciary activities that are not held in a Trust or equivalent arrangement that meets specific criteria. The City offers three pension plans for all full-time employees (non-uniform pension, firemen's pension, and police pension).

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGETS**

In December of 2024, the City of Sharon adopted its 2025 annual budget for its General Fund totaling \$11,323,230 in accordance with the provisions of the Commonwealth of Pennsylvania City Code. The budget is prepared utilizing the modified accrual basis of accounting. Budgetary transfers among various expenditure line items are performed as necessary and as approved by City Council. The adjusted budgetary amounts, if any, are reflected in these financial statements (Exhibit G). Actual expenditures exceeded budget during the 2025 calendar year. All appropriations lapse at the end of each calendar year.

The City uses the following procedures in establishing this budgetary data:

- a. In accordance with the Third-Class City Code, each year at the first scheduled public hearing for the next year's budget held in November, the chief fiscal officer shall present to Council for introduction a proposed budget ordinance. The proposed budget ordinance shall show the estimated revenues, expenditures and liabilities for the ensuing year, with the balance of unexpended appropriations and all other information of value as a basis for fixing the levy and tax rate for the next calendar year.
- b. Council shall upon introducing the proposed budget ordinance, publish the proposed budget, schedule two public hearings, and hold two readings on the ordinance, which shall be adopted not later than December 28 of that year.
- c. When the proposed budget ordinance is submitted to Council and has been introduced, the City Clerk shall immediately make the proposed budget ordinance available for public inspection at the City Clerk's office and shall publish a notice to that effect once in a newspaper of general circulation that states the date fixed by Council for enactment of the proposed budget ordinance. The notice shall be published at least 20 days prior to the time fixed by Council for enactment of the proposed budget ordinance. The proposed budget ordinance shall be available for public inspection at the City Clerk's office for at least 10 days after the newspaper notice is published.
- d. Council shall, after making the changes and modifications as appear proper, enact the budget and any appropriation measures required to put it into effect upon the date fixed for enactment. Any budget revisions whereby total expenditures would be increased by more than 10%, or more than 25% in any individual line-item over the proposed budget, the proposed budget shall not be enacted unless made available for public inspection for a period of at least 10 days after notice to that effect is published.

**CASH AND CASH EQUIVALENTS**

For purposes of the accompanying financial statements, cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the pension plans (Plans), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value.

**INVESTMENTS**

Provisions of the Third-Class City Code authorize the following investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Fiduciary fund type investments include funds invested with the Huntington Trust, the City's designated asset managers for the police and firemen's pension plans. The Huntington Trust serves as financial custodian for these plans.

**RECEIVABLES**

Receivables are reflected at net realizable value as of December 31, 2025.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental inter-fund receivables and payables have been eliminated.

**INVENTORIES**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are reported as part of governmental activities on the government-wide statement of net position. All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at estimated fair market value at the date of donation. The City maintains a capitalization dollar threshold of \$1,500. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes.

In accordance with GASB Statement No. 34, infrastructure has been prospectively capitalized, beginning January 1, 2004. The City did not elect retroactive reporting of infrastructure in the year of adoption of GASB Statement No. 34. All reported capital assets, except land, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>        | <b><u>YEARS</u></b> |
|-------------------------------|---------------------|
| Site Improvements             | 25 - 60             |
| Buildings                     | 60 - 65             |
| Permanent Fixtures            | 25 - 60             |
| Machinery and Equipment       | 10 - 25             |
| Office Furniture and Fixtures | 10 - 30             |
| Office Machines and Devices   | 10 - 20             |
| EDP Equipment/Software        | 10                  |
| Firearms                      | 25                  |
| Vehicles                      | 5 - 10              |
| Mobile Equipment              | 10 - 25             |
| Miscellaneous Equipment       | 20                  |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**COMPENSATED ABSENCES**

The City reports compensated absences in accordance with the provisions of generally accepted accounting standards. Employees of the City are entitled to paid vacation, paid sick days, length of service, and other factors. Employees are represented by a number of labor unions, and each contract contains different provisions for such employee-compensated absences. In addition, management and other non-union employees also have agreements with the City that provide for compensated absences. The City recognizes the costs of other compensated absences when actually paid to employees. The entire compensated absences liability of \$223,500 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment within 60 days of the end of the calendar year, are considered to be paid with current available financial resources. Bonds and other long-term obligations, if any, that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The City's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issuance costs are recorded as expenditures in the governmental fund financial statements in the year paid. The City did not incur bond or note issuance costs during the 2025 calendar year.

**UNEARNED REVENUE**

Unearned revenue arises when the City receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue liability is removed, and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category. They are deferred outflows related to pensions and OPEB, reported on the government-wide statement of net position (Exhibit A).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has five items that qualify for reporting in this category. They are delinquent taxes receivable and unrecognized revenues from notes receivable reported on the governmental funds balance sheet (Exhibit C), and deferred inflows related to pensions, OPEB, and lease revenue, unrecognized revenues from notes receivable, and deferred inflow related to interest rate SWAP reported on the government-wide statement of net position (Exhibit A).

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION**

Net position is classified into four categories according to external donor or legal restrictions or availability of assets to satisfy City obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. Restricted net position includes **1)** Act 655 funding from the Commonwealth of Pennsylvania restricted in use for the maintenance, repair and construction of roads, streets, and bridges in the City; **2)** for debt service; and **3)** for various funds donated for specific City purposes as reflected in Schedule 3.
- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity’s fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Restricted fund balance includes **1)** Act 655 funding from the Commonwealth of Pennsylvania restricted in use for the maintenance, repair and construction of roads, streets, and bridges in the City; **2)** for debt service; and **3)** various funds donated for specific City purposes as reflected in Schedule 3.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

- Assigned fund balance – amounts the City intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. At December 31, 2025, the City assigned \$2,000,000 (\$1,500,000 for capital projects and \$500,000 for OPEB liability).
- Unassigned fund balance – amounts that are available for any purpose.

The City establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Finance Director has authority to assign fund balance.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statement were adopted for the City's 2025 financial statements. Except where noted, the adoption of this pronouncement did not have a significant impact on the City's financial statements.

- **GASB issued Statement No. 102, 'Certain Risk Disclosures'.**

**PENDING GASB PRONOUNCEMENTS**

- **GASB issued Statement No. 103, 'Financial Reports Model Improvements'.** The provisions of this Statement are effective for the City's December 31, 2026 financial statements.
- **GASB issued Statement No. 104, 'Disclosure of Certain Capital Assets'.** The provisions of this Statement are effective for the City's December 31, 2026 financial statements.
- **GASB issued Statement No. 105, 'Subsequent Events'.** The provisions of this Statement are effective for the City's December 31, 2026 financial statements.

The effects of implementing these Statements on the City's financial statements have not yet been determined.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

At December 31, 2025, the City of Sharon had the following carrying values on its cash and cash equivalent accounts:

|                              | <b><u>Bank Balance</u></b>  | <b><u>(Memo Only)<br/>Book Balance</u></b> |
|------------------------------|-----------------------------|--------------------------------------------|
| General Fund                 | \$ 5,517,852                | \$ 5,393,909                               |
| Community Development:       |                             |                                            |
| Rehab Revolving Loan         | 54,788                      | 64,046                                     |
| Small Business Loans         | 54,866                      | 54,866                                     |
| Redevelopment Auth. Rental   | 63,529                      | 63,529                                     |
| Local Fiscal Recovery Fund   | 4,034,764                   | 3,415,582                                  |
| Capital Project Fund         | 43,694                      | 43,694                                     |
| Non-Major Governmental Funds | 785,993                     | 782,194                                    |
|                              | <b><u>\$ 10,555,486</u></b> | <b><u>\$ 9,817,820</u></b>                 |

The difference between the bank balance and the carrying value represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of December 31, 2025, \$10,305,486 of the City's deposits were exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the City's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, deposits of the City, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS**

The fair value and maturity terms of the City's investments as of December 31, 2025 are as follows:

|                            | <b><u>No Stated<br/>Maturity</u></b> |
|----------------------------|--------------------------------------|
| <b>Fiduciary Funds:</b>    |                                      |
| Equity Securities          | \$ 19,801,717                        |
| Common Trust Funds - Fixed | 7,214,491                            |
| Mutual Funds               | 3,716,686                            |
| Short Term Investments     | 1,334,655                            |
|                            | <b><u>\$ 32,067,549</u></b>          |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The City's fiduciary fund investments, with the exception of equity securities, are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The City does not have a policy that would limit its investment choices to those with certain credit ratings.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal investment policy, in addition to the requirements of the City Code and the Intergovernmental Cooperation Act, that limits its investment choices based on credit ratings by nationally recognized rating organizations.

**Interest Rate Risk:**

The City 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.

**Concentration of Credit Risk:**

The City places no limit on the amount it may invest in any one issuer.

At December 31, 2025, the following are investments that represent five percent or more of the net position available for benefits:

|                               | <b><u>Police<br/>Pension Plan</u></b> | <b><u>Firemen's<br/>Pension Plan</u></b> |
|-------------------------------|---------------------------------------|------------------------------------------|
| Blackrock Corealpha Bond Fund | \$ 2,749,244                          | \$ 1,751,933                             |
| Blackrock US Debt Index Fund  | 1,308,894                             | 835,631                                  |
| Investments less than 5%      | 15,696,378                            | 9,725,469                                |
|                               | <b><u>\$ 19,754,516</u></b>           | <b><u>\$ 12,313,033</u></b>              |

**Fair Value Measurements:**

The City of Sharon's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

- **Level 1** – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

**Fair Value Measurements: (Continued)**

- **Level 2** – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.
- **Level 3** – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following schedule presents the Investments of the City by level within the fair value hierarchy:

|                            | <u>Value<br/>at 12/31/25</u> | <u>Fair Value Measurements</u> |                             |                    |
|----------------------------|------------------------------|--------------------------------|-----------------------------|--------------------|
|                            |                              | <u>Level 1</u>                 | <u>Level 2</u>              | <u>Level 3</u>     |
| Equity Securities          | \$ 19,801,717                | \$ -                           | \$ 19,801,717               | \$ -               |
| Common Trust Funds - Fixed | 7,214,491                    | -                              | 7,214,491                   | -                  |
| Mutual Funds               | 3,716,686                    | -                              | 3,716,686                   | -                  |
| Short Term Investments     | 1,334,655                    | -                              | 1,334,655                   | -                  |
|                            | <u><u>\$ 32,067,549</u></u>  | <u><u>\$ -</u></u>             | <u><u>\$ 32,067,549</u></u> | <u><u>\$ -</u></u> |

**NOTE 3 - PROPERTY TAXES**

The City of Sharon levies property taxes March 1 of each calendar year. The calendar dates for payment of these taxes are as follows:

**PAYMENT PERIOD**

|                          |                   |
|--------------------------|-------------------|
| March 1 – April 30, 2025 | (Discount period) |
| May 1 – June 30, 2025    | (Face period)     |
| July 1 and after         | (Penalty period)  |

Taxpayers are entitled to a 2% discount if taxes are paid prior to April 30th. Collections after July 1st are assessed a 10% penalty. Unpaid taxes are sent to the City's Delinquent Real Estate Tax Collector for collection or subsequent lien with Mercer County. Unpaid taxes as of December 31, 2025 totaling \$331,264 represent 11.1% of the original assessment for 2025 of \$2,995,389. The tax millage assessment for the 2024 calendar year is 29.51 mills on the assessed value of land and buildings, which represents \$29.51 of revenue for every \$1,000 of assessed value. Taxes receivable as shown in the government-wide statement of net position includes property taxes of \$2,748,965. Management estimates that approximately 5% of prior year property taxes receivable will be uncollectible based on past collection experience.

For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off set as a credit to deferred inflows of resources in the fund financial statements. The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 3 - PROPERTY TAXES (Continued)**

Taxes receivable are comprised of the following at December 31, 2025:

|                                                                            | <b>GOVERNMENT<br/>WIDE<br/>FINANCIAL<br/>STATEMENTS</b> | <b>FUND<br/>FINANCIAL<br/>STATEMENTS</b> |
|----------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------|
| Delinquent Property Taxes, Net                                             | \$ 2,636,982                                            | \$ 2,748,965                             |
| Delinquent Property Taxes - Collected<br>within 60 Days of Fiscal Year End | 41,209                                                  | 41,209                                   |
| Deed Transfer Tax                                                          | 132,205                                                 | 132,205                                  |
| Per Capita Tax                                                             | 232                                                     | 232                                      |
|                                                                            | <b><u>\$ 2,810,628</u></b>                              | <b><u>\$ 2,922,611</u></b>               |

**NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS**

The amount of 'Due from Other Governmental Units' totaling \$643,909, as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                                           |                          |
|-------------------------------------------|--------------------------|
| School Resource Officer                   | \$ 134,847               |
| District Justice and County Fines         | 17,819                   |
| County Share - Tax Office                 | 10,497                   |
| School District Share - Tax Office        | 10,816                   |
| Police OT Reimbursement/Drug Task Force   | 12,616                   |
| U.S. Dept. of Housing & Urban Development | 39,602                   |
| Safer Grant                               | 132,987                  |
| COPS Hiring Program                       | 47,001                   |
| CFA - DCED MM                             | 51,868                   |
| PCCD JAG/NIBRS                            | 27,614                   |
| Federal Transportation Grant              | 66,731                   |
| ARLE and Green Light Go Grants            | 91,511                   |
|                                           | <b><u>\$ 643,909</u></b> |

**NOTE 5 – OTHER ACCOUNTS RECEIVABLE**

The amount of 'Other Accounts Receivable' totaling \$151,664, as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                                         |                          |
|-----------------------------------------|--------------------------|
| Cable Franchise Fees                    | \$ 56,068                |
| Solid Waste Collections                 | 53,663                   |
| Sanitary Authority Salary Reimbursement | 30,580                   |
| Miscellaneous                           | 11,353                   |
|                                         | <b><u>\$ 151,664</u></b> |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources totaling \$5,241,744 as reflected on the government-wide statement of net position (Exhibit A), represents \$4,472,106 related to 1) contributions to the City's pension plans subsequent to the pension liability measurement date under GASB Statement No. 68 and 2) experience losses on the total pension liability, plan or assumption changes increasing the total pension liability, or investment losses that are recognized in future reporting periods, and \$769,638 for changes in assumptions or other inputs related to OPEB.

Deferred inflows of resources represent an acquisition of net assets by the City that is applicable to a future reporting period. For the City of Sharon, deferred inflows of resources are comprised of the following:

|                                            | <b>GOVERNMENT<br/>WIDE<br/>FINANCIAL<br/>STATEMENTS</b> | <b>FUND<br/>FINANCIAL<br/>STATEMENTS</b> |
|--------------------------------------------|---------------------------------------------------------|------------------------------------------|
| Delinquent Real Estate Taxes (Note 3)      | \$ -                                                    | \$ 2,748,965                             |
| Deferred Inflows Related to OPEB           | 174,523                                                 | -                                        |
| Deferred Inflows Related to Pensions       | 4,243,446                                               | -                                        |
| Housing Rehabilitation Loans Without Terms | 847,642                                                 | 973,003                                  |
| Housing Rehabilitation Loans With Terms    | -                                                       | 206,915                                  |
| Small Business Loan Program Loans          | -                                                       | 715                                      |
|                                            | <b><u>\$ 5,265,611</u></b>                              | <b><u>\$ 3,929,598</u></b>               |

**NOTE 7 – REHABILITATION LOAN PROGRAM**

In connection with housing rehabilitations performed in the City using Community Development Block Grant funds, loans receivable are recorded. Depending on individual circumstances, the loans are either repaid to the City over terms of up to 20 years at 0% to 5% interest, non-interest-bearing loans that are converted to grants, or permanent loans that are only repaid to the City when the residence is sold, or the deed is otherwise transferred to another party. The loans converted to grants are done at a rate of 20% of the loan annually, as long as the homeowner does not sell the residence. If the home is sold, the remaining loan balance must be paid to the City. The loans converted to grants have not been recorded in the financial statements since these loans are intended to be grants and collection is uncertain. The net loans outstanding balance at December 31, 2025 is \$1,179,918.

**NOTE 8 – SMALL BUSINESS LOAN PROGRAM**

The City approved the establishment of the City of Sharon Retail Revolving Loan Fund in 1992 using \$150,000 of proceeds from the Monobloc UDAG repayment. The City will loan up to \$20,000 each to small retail and service-related businesses in the City at interest rates at or below market rates of interest over a five (5) year loan term. During 2024, there were no new loans processed. The small business loans outstanding balance at December 31, 2025 is \$715.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 9 - CAPITAL ASSETS**

A summary of the governmental fixed asset activity for the 2025 calendar year was as follows:

|                                                        | <u>Balance<br/>1/1/2025</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance<br/>12/31/2025</u> |
|--------------------------------------------------------|-----------------------------|---------------------|-------------------|-------------------------------|
| <b>Governmental Activities:</b>                        |                             |                     |                   |                               |
| <b>Capital Assets, not being depreciated</b>           |                             |                     |                   |                               |
| Land                                                   | \$ 533,642                  | \$ -                | \$ -              | \$ 533,642                    |
| Work in Progress                                       | 401,715                     | 1,633,507           | -                 | 2,035,222                     |
| <b>Total Capital Assets,<br/>not being depreciated</b> | <b>\$ 935,357</b>           | <b>\$ 1,633,507</b> | <b>\$ -</b>       | <b>\$ 2,568,864</b>           |
| <b>Capital Assets, being depreciated</b>               |                             |                     |                   |                               |
| Land and Site Improvements                             | \$ 3,046,968                | \$ -                | \$ -              | \$ 3,046,968                  |
| Building and Building Improvements                     | 7,130,377                   | -                   | -                 | 7,130,377                     |
| Infrastructure                                         | 2,145,684                   | 65,764              | -                 | 2,211,448                     |
| Furniture and Equipment                                | 1,426,863                   | 51,985              | -                 | 1,478,848                     |
| Vehicles                                               | 1,714,100                   | -                   | -                 | 1,714,100                     |
| Assets under Capital Lease                             | 1,622,981                   | 265,666             | -                 | 1,888,647                     |
| <b>Total Capital Assets,<br/>being depreciated</b>     | <b>\$ 17,086,971</b>        | <b>\$ 383,415</b>   | <b>\$ -</b>       | <b>\$ 17,470,385</b>          |
| <b>Less: Accumulated depreciation</b>                  |                             |                     |                   |                               |
| Land and Site Improvements                             | \$ (797,073)                | \$ (81,979)         | \$ -              | \$ (879,052)                  |
| Building and Building Improvements                     | (4,763,981)                 | (143,409)           | -                 | (4,907,390)                   |
| Infrastructure                                         | (286,224)                   | (55,959)            | -                 | (342,183)                     |
| Furniture and Equipment                                | (736,855)                   | (81,418)            | -                 | (818,273)                     |
| Vehicles                                               | (1,316,855)                 | (112,389)           | -                 | (1,429,244)                   |
| Assets under Capital Lease                             | (939,435)                   | (162,667)           | -                 | (1,102,102)                   |
| <b>Total Accumulated Depreciation</b>                  | <b>\$ (8,840,423)</b>       | <b>\$ (637,821)</b> | <b>\$ -</b>       | <b>\$ (9,478,244)</b>         |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b>\$ 9,181,905</b>         | <b>\$ 1,379,101</b> | <b>\$ -</b>       | <b>\$ 10,561,005</b>          |

Depreciation expense for calendar year 2025 totaled \$637,821. This amount is reflected as an unallocated expense in the statement of activities.

**NOTE 10 – INTER-FUND OBLIGATIONS AND TRANSFERS**

Inter-fund obligations as reflected on the governmental funds balance sheet (Exhibit C) are as follows:

|                            | <u>DUE TO</u>       | <u>DUE FROM</u>     |
|----------------------------|---------------------|---------------------|
| General Fund               | \$ 38,722           | \$ 2,543,252        |
| Capital Reserve Fund       | 1,238,252           | -                   |
| Community Development Fund | -                   | 38,722              |
| Sick Leave Buyback Fund    | 105,000             | -                   |
| Debt Service Fund          | 1,200,000           | -                   |
|                            | <b>\$ 2,581,974</b> | <b>\$ 2,581,974</b> |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 10 – INTER-FUND OBLIGATIONS AND TRANSFERS (Continued)**

Inter-fund transfers as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances (Exhibit E) are as follows:

|                            | <b><u>TO</u></b>           | <b><u>FROM</u></b>         |
|----------------------------|----------------------------|----------------------------|
| General Fund               | \$ 278,746                 | \$ 1,580,228               |
| Highway Aid Fund           | -                          | 200,000                    |
| Local Fiscal Recovery Fund | -                          | 80,507                     |
| Sick Leave Buyback Fund    | 55,000                     | 54,090                     |
| Capital Project Fund       | 55,851                     | -                          |
| Capital Reserve Fund       | 26,228                     | -                          |
| Debt Service Fund          | 1,499,000                  | -                          |
|                            | <b><u>\$ 1,914,825</u></b> | <b><u>\$ 1,914,825</u></b> |

During the year ended December 31, 2025, the General Fund transferred \$1,499,000 to the Debt Service Fund for principal and interest payments on the City's General Obligation Bonds and Notes. The General Fund transferred \$55,000 and \$26,228 to the Sick Leave Buyback and Capital Reserve Funds respectively for amounts paid from those funds. The Local Fiscal Recovery Fund transferred \$24,656 and \$55,851 to the General and Capital Project Funds respectively for amounts paid out of those funds. The Highway Aid and Sick Leave Buyback Funds transferred \$200,000 and \$54,090 respectively to the General Fund for amounts paid out of the General Fund. The Capital Project Fund transferred \$200 to the Capital Reserve Fund for amounts paid out of that fund.

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS**

**GENERAL OBLIGATION NOTES – SERIES A & B OF 2020**

On April 14, 2020, the City of Sharon issued General Obligation Notes – Series A and B of 2020 in the amount of \$3,360,000. Series A totaling \$2,290,000 was used to **1)** advance refund a portion of the outstanding General Obligation Bonds, Series B of 2002 and **2)** pay the costs of issuing the notes. Series B totaling \$1,070,000 was used to **1)** currently refund a portion of the outstanding General Obligation Bonds, Series B of 2002, **2)** perform various capital improvements within the city, and **3)** pay the costs of issuing the notes. The Series B notes are subject to optional redemption, in whole or in part, as more fully described in the official statement. The Series A notes have interest rates ranging from 2.20% to 3.02% and are scheduled to mature on May 1, 2030. The Series B notes have interest rates ranging from 2.25% to 3.00% and are scheduled to mature on May 1, 2033.

In connection with General Obligation Notes, Series A & B of 2020, the City paid approximately \$7,243 in note discounts. This cost is being amortized on a straight-line basis over the life of the notes. The unamortized amount of note discount totaling \$4,115 is reflected as a component of 'Notes Payable – Long-Term Portion (Net)' in the governmental activities column on the government-wide statement of net position. Amortization expense for the year ended December 31, 2025 was \$552. This amount is reflected in the general government expense function in the statement of activities.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**DEFAULT PROVISIONS – GENERAL OBLIGATION NOTES**

The City has covenanted that it shall include in its budget for each year, and will appropriate from its revenues in each such year the amount of debt service on the notes for such year, and shall duly and punctually pay or cause to be paid from its Sinking Fund, or any other of its revenues or funds, the principal of, and the interest on the Notes, respectively, on the dates and in the manner stated in the Notes. The City has pledged its full faith, credit, and taxing power for such budgeting, appropriation and payment. The Pennsylvania Local Government Debt Act of 1996 provides that this covenant is specifically enforceable. The Act specifically prescribes certain remedies to the registered owners upon the occurrence of the occurrence of any default, any registered owner may bring suit in the Court of Common Pleas of Mercer County, Pennsylvania and request the court to issue a writ of mandamus directing the City to pay into the appropriate Sinking Fund the first tax moneys or other available revenues thereafter received in such fiscal year by the City, in proportion to the debt service requirements of each series of obligations outstanding until the sum on deposit in each Sinking Fund shall equal the moneys that should have been budgeted or appropriated for such obligations.

If the City fails or neglects to pay the interest on or principal of the Notes, and such default continues for a period of time in excess of thirty days, any registered owner has the right to recover the amount due in an action in assumpsit in the Court of Common Pleas of Mercer County, Pennsylvania. Under the Act, a judgement obtained in such action would be on a parity with all other general obligation debt with respect to moneys next received by the City. In lieu of the remedies heretofore described, additional remedies can be found in the "Default and Remedies" section of the official statement of issue.

The following summarizes the debt services obligation for these general obligation bonds as of December 31, 2025:

| <b><u>Year End</u></b><br><b><u>31-Dec</u></b> | <b><u>Series A 2020</u></b><br><b><u>Principal</u></b> | <b><u>Series B 2020</u></b><br><b><u>Principal</u></b> | <b><u>Total</u></b><br><b><u>Interest</u></b> | <b><u>Total</u></b>        |
|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------|----------------------------|
| 2026                                           | \$ 250,000                                             | \$ -                                                   | \$ 47,575                                     | \$ 297,575                 |
| 2027                                           | 255,000                                                | -                                                      | 40,706                                        | 295,706                    |
| 2028                                           | 265,000                                                | -                                                      | 33,372                                        | 298,372                    |
| 2029                                           | 270,000                                                | -                                                      | 25,559                                        | 295,559                    |
| 2030                                           | 280,000                                                | -                                                      | 17,322                                        | 297,322                    |
| 2031-2033                                      | -                                                      | 630,000                                                | 15,066                                        | 645,066                    |
|                                                | <b><u>\$ 1,320,000</u></b>                             | <b><u>\$ 630,000</u></b>                               | <b><u>\$ 179,600</u></b>                      | <b><u>\$ 2,129,600</u></b> |

**DIRECT BORROWINGS**

**PENNSYLVANIA INFRASTRUCTURE BANK NOTES**

In November of 2018, the Pennsylvania Infrastructure Bank (PIB) approved a \$285,000 loan to the City of Sharon for the purpose of resurfacing twelve street, correcting and improving intersections that are void of ADA compliant handicapped access, and repairing sidewalks that are dangerously heaved and cracked within the City. The terms of the note call for annual principal and interest payments totaling \$32,144.48 with an interest rate of 2.25%. The loan is scheduled to mature on January 1, 2029.

In January of 2020, the Pennsylvania Infrastructure Bank (PIB) approved a \$355,000 loan to the City of Sharon for the purpose of correcting and improving intersections, curbs, and sidewalks that are void of ADA compliant handicapped access. The terms of the note call for one annual principal and interest payment totaling \$41,062.19 with nine subsequent annual principal and interest payments totaling \$40,849.08. The interest rate on the loan is 2.625% and the loan is scheduled to mature on March 1, 3030.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**DIRECT BORROWINGS (Continued)**

**DEFAULT PROVISIONS – PENNSYLVANIA INFRASTRUCTURE BANK NOTES**

Upon the occurrence of any default which default is not cured within thirty days after receipt of written notice from the Department of Transportation, the unpaid principal balance plus any accrued interest plus any other sums payable under the agreement shall become due and payable immediately and without further notice to the City. Upon default, the Department of Transportation may withhold all or part of the City's Liquid Fuels Tax allocation under the Liquid Fuels Municipal Allocation Law, Act of June 1, 1956, or under 75 Pa.C.S. Chapter 95 or any other statute or regulation or impose such other penalties as the Department of Transportation may prescribe.

The following summarizes the debt service obligation for these notes as of December 31, 2025:

| <b>Year End</b> | <b>PIB</b>        | <b>PIB</b>        | <b>Total</b>     |                   |
|-----------------|-------------------|-------------------|------------------|-------------------|
| <b>31-Dec</b>   | <b>2018</b>       | <b>2020</b>       | <b>Interest</b>  | <b>Total</b>      |
|                 | <b>Principal</b>  | <b>Principal</b>  |                  |                   |
| 2026            | \$ 29,407         | \$ 35,887         | \$ 7,700         | \$ 72,994         |
| 2027            | 30,069            | 36,829            | 6,096            | 72,994            |
| 2028            | 30,746            | 37,795            | 4,453            | 72,994            |
| 2029            | 31,437            | 38,788            | 2,769            | 72,994            |
| 2030            | -                 | 39,747            | 1,043            | 40,790            |
|                 | <b>\$ 121,659</b> | <b>\$ 189,046</b> | <b>\$ 22,061</b> | <b>\$ 332,766</b> |

**FNB COMMERCIAL LEASING – FINANCED PURCHASE AGREEMENTS**

In June of 2021, the City of Sharon entered into a financed purchase agreement with FNB Equipment Finance in the amount of \$33,844 for the purchase of a 2020 Ford Explorer Police Interceptor. The terms of the financed purchase agreement call for five (5) annual principal and interest payments of \$7,198.78 beginning on June 11, 2022. The interest rate is 2.02% and the financed purchase agreement is scheduled to mature on June 11, 2026.

In September of 2021, the City of Sharon entered into a financed purchase agreement with FNB Equipment Finance in the amount of \$555,486 for the purchase of various equipment and vehicles. The terms of the financed purchase agreement call for five (5) annual principal and interest payments of \$117,851.02 beginning in September 2022. The interest rate is 2% and the financed purchase agreement is scheduled to mature in September 2026.

In August of 2022, the City of Sharon entered into a financed purchase agreement with FNB Equipment Finance in the amount of \$250,000 for the purpose of building improvements and a new roof for the Community Library of Shenango Valley. The terms of the financed purchase agreement call for nine (9) annual principal and interest payments of \$31,984.17 beginning on July 29, 2023. The interest rate is 4.75% and the financed purchase agreement is scheduled to mature on July 29, 2032.

In January of 2025, the City of Sharon entered into a financed purchase agreement with FNB Equipment Finance in the amount of \$265,666 for the purchase of a 2024 Ford F600 Super Duty Dump Truck, a 2024 Ford F350 Pickup Truck, and a 2024 Ford F350 Super Duty SRW. The terms of the financed purchase agreement call for five (5) annual principal and interest payments of \$58,757.56 beginning on January 24, 2025. The interest rate is 5.30% and the financed purchase agreement is scheduled to mature on January 24, 2029.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**DIRECT BORROWINGS (Continued)**

**DEFAULT PROVISIONS – FNB COMMERCIAL LEASING**

In the event of default, the entire unpaid principal sum, plus all accrued interest thereon, shall become due and payable to First National Bank. In addition, the First National Bank has a security lien in the equipment which serves as collateral on the Notes in the event of default as well.

**COMMUNITY LEASING PARTNERS – FINANCED PURCHASE AGREEMENT**

On September 15, 2016, the City of Sharon entered into a financed purchase agreement with Community Leasing Partners in the amount of \$435,137 for the purchase of a KME pumper truck. The terms of the financed purchase agreement call for twelve (12) annual principal and interest payments of \$44,369.70 beginning on September 15, 2017. The interest rate is 3.25% and the financed purchase agreement obligation is scheduled to mature on September 15, 2028.

**DEFAULT PROVISIONS – COMMUNITY LEASING PARTNERS**

In the event of default, the entire unpaid principal sum, plus all accrued interest thereon, shall become due and payable to Community Leasing Partners. In addition, Community Leasing Partners may retake possession of the equipment or take whatever action at law necessary to enforce its rights under the financed purchase agreement.

The following summarizes the debt service obligation for these financed purchase agreements as of December 31, 2025:

| <b>Year End</b> | <b>FNB</b>       | <b>FNB</b>        | <b>FNB</b>        | <b>FNB</b>        |
|-----------------|------------------|-------------------|-------------------|-------------------|
| <b>31-Dec</b>   | <b>2021</b>      | <b>2021</b>       | <b>2022</b>       | <b>2025</b>       |
|                 | <b>Principal</b> | <b>Principal</b>  | <b>Principal</b>  | <b>Principal</b>  |
| 2026            | \$ 7,046         | \$ 105,475        | \$ 23,113         | \$ 47,791         |
| 2027            | -                | -                 | 24,211            | 50,324            |
| 2028            | -                | -                 | 25,361            | 52,992            |
| 2029            | -                | -                 | 26,566            | 55,801            |
| 2030            | -                | -                 | 27,827            | -                 |
| 2031-2032       | -                | -                 | 59,684            | -                 |
|                 | <b>\$ 7,046</b>  | <b>\$ 105,475</b> | <b>\$ 186,762</b> | <b>\$ 206,908</b> |

| <b>Year End</b> | <b>Community</b>        | <b>Total Interest</b> | <b>TOTAL P &amp; I</b> |
|-----------------|-------------------------|-----------------------|------------------------|
| <b>31-Dec</b>   | <b>Leasing Partners</b> | <b>Financed</b>       | <b>Financed</b>        |
|                 | <b>2016</b>             | <b>Purchase</b>       | <b>Purchase</b>        |
|                 | <b>Principal</b>        | <b>Agreements</b>     | <b>Agreements</b>      |
| 2026            | \$ 40,310               | \$ 26,147             | \$ 249,882             |
| 2027            | 41,621                  | 18,956                | 135,112                |
| 2028            | 42,973                  | 13,786                | 135,112                |
| 2029            | -                       | 8,376                 | 90,743                 |
| 2030            | -                       | 4,157                 | 31,984                 |
| 2031-2032       | -                       | 4,285                 | 63,969                 |
|                 | <b>\$ 124,904</b>       | <b>\$ 75,707</b>      | <b>\$ 706,802</b>      |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 12 – CHANGES IN LONG-TERM DEBT OBLIGATIONS**

The following represents the changes in the City's long-term debt obligations during the 2025 year:

|                                   | Balance<br>1/1/2024  | Additions           | Reductions        | Balance<br>12/31/2024 | Due Within<br>One Year |
|-----------------------------------|----------------------|---------------------|-------------------|-----------------------|------------------------|
| General Obligation Notes          | \$ 2,195,000         | \$ -                | \$ 245,000        | \$ 1,950,000          | \$ 250,000             |
| Direct Borrowings:                |                      |                     |                   |                       |                        |
| PA Infrastructure Bank Notes      | 374,434              | -                   | 63,729            | 310,705               | 65,294                 |
| Financed Purchase Agreements      | 595,601              | 265,666             | 230,172           | 631,095               | 223,735                |
| Compensated Absences              | 263,793              | 7,786               | 48,078            | 223,501               | -                      |
| Net OPEB Liability                | 7,885,720            | -                   | 164,615           | 7,721,105             | -                      |
| Net Pension Liability (Asset)-net | 2,194,174            | 2,746,615           | -                 | 4,940,789             | -                      |
| <b>Total Long-Term Debt -</b>     |                      |                     |                   |                       |                        |
| <b>Governmental Activities</b>    | <b>\$ 13,508,722</b> | <b>\$ 3,020,067</b> | <b>\$ 751,594</b> | <b>\$ 15,777,195</b>  | <b>\$ 539,029</b>      |

**NOTE 13 – GUARANTEED DEBT**

**CITY OF SHARON SANITARY AUTHORITY (COMPONENT UNIT)**

On September 14, 2016, the City of Sharon Sanitary Authority issued Guaranteed Sewer Revenue Bonds - Series of 2016, in the amount of \$9,300,000 for the purpose of advance refunding the Authority's Guaranteed Sewer Revenue Bonds, Series of 2007. In connection with this issuance, the City of Sharon Sanitary Authority entered into a Guaranty Agreement with the City of Sharon and the County of Mercer to unconditionally guarantee the payment of all principal and interest due on the bonds. These bonds are scheduled to mature on October 1, 2030. The outstanding balance on the bonds as of December 31, 2025 is \$2,903,174.

**NOTE 14 - CITY PENSION PLANS**

**NON-UNIFORM PENSION PLAN** - The City of Sharon Non-Uniform Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 16-02 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office or visiting their website at [pmrs.state.pa.us](http://pmrs.state.pa.us).

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**PLAN MEMBERSHIP**

Plan membership as of January 1, 2025 was comprised of:

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Active employees                                                        | 23               |
| Retirees and beneficiaries currently receiving benefits                 | 47               |
| Terminated employees entitled to benefits<br>but not yet receiving them | <u>4</u>         |
| Total                                                                   | <u><u>74</u></u> |

**PLAN BENEFITS**

The plan provides retirement and death benefits to eligible plan members and their beneficiaries. Effective January 1, 2009, the plan allows for a normal retirement benefit at age 60 or older with at least twelve (12) years of credited service. Early retirement – voluntary available with twelve (12) years of credited service. Involuntary available after eight (8) years of service. Monthly pension benefits are detailed in plan documents. Participants are fully vested upon completion of twelve (12) years of service.

**PLAN CONTRIBUTION REQUIREMENTS**

Employer contributions are actuarially determined reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period. This contribution is based upon the Minimum Municipal Obligation (MMO) as defined in Act 205. For the calendar year 2025, the City did not contribute to the plan. If applicable, this contribution to the pension plan, subsequent to the measurement date of the City's net pension liability (NPL), is recognized as a component of 'deferred outflows of resources – pension' on the statement of net position. Employee contributions are currently not required.

**ACTUARIAL ASSUMPTIONS**

The City's net pension liability (NPL) was measured as of December 31, 2024 based on the actuarial valuation as of January 1, 2025. The total pension liability (TPL) as of December 31, 2024 was based upon the following actuarial assumptions:

- **Actuarial Cost Method:** Entry Age Normal
- **Rates of Pre-Retirement Mortality:** Males and Females: PUB-2010 General Employees male tables.
- **Rates of Post-Retirement Mortality:** Males and Females: RP2006 annuitant male and female tables.
- **Disabled Life Mortality Rates:** Males and females: RP2006 disabled annuitant male and female tables.
- **Mortality Improvement:** All base mortality tables described above are projected from the applicable table's base year to 2023 using Mortality Improvement Scale MP-2018.
- **Termination Rates Before Retirement:** Less than 25 active members – sliding scale 1 year 11% down to 10 plus years at 3.%. More than 25 active members – sliding scale 1 year 12% down to 10 plus years at 3.5%.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**ACTUARIAL ASSUMPTIONS (Continued)**

- **Disability Incidence Rates:** 50% of 2017 CALPERS Public Miscellaneous Group disability rates for males. 20% of disablements are assumed to be service related for municipal plans, and 70% for uniform plans.
- **Worker's Compensation:** Service-related disability benefits payable from municipal plans are offset by 25% of final average salary.
- **Salary Scale:** Sliding scale – age 25 (6.22%) down to age 65 (2.79%).
- **Rates of Retirement:** Municipal members - Under age 55 (33%), age 55 (30%), age 56-57 (12%), age 58-59 (14%), age 60 (18%), age 61 (10%), age 62 (20%), age 63 (18%), age 64 (15%), age 65-67 (25%), age 68-70 (20%), age 71-73 (22%), age 74 (20%), age 75 plus (100%). Uniformed members – Under age 49 (0%), age 50 (25%), age 51-53 (10%), age 54-55 (15%), age 56-58 (17%), age 59-60 (15%), age 61 (20%), age 62 (28%), age 63 (22%), age 64 (25%), age 65 (35%), age 66 (30%), age 67+ (100%).
- **Deferred Retirement Option Plan (DROP) –** For plans with these options, at participant's normal retirement age, retirement rates multiplied by the following factors: uniform 130% nonuniformed 115%.
- **Marital Status and Spouse's Age (if applicable):** for plans with the 50% J&S form of payment, 85%/65% of active male/female members are assumed to be married. Male spouses are assumed to be 3 years older than female spouses.
- **Social Security Projections (if applicable):** Social security wage base will increase 2.7% compounded annually. CPI will increase 2.2% compounded annually, average total wages will increase 2.7% compounded annually.
- **Post-Retirement Cost of Living Increases:** 2.2% per year, subject to plan limitations.
- **Investment Return:** 5.50% compounded annually, net of investment and certain administrative expenses.
- **Administrative expenses:** The expense assumption is based upon the expected expenses for the current year. The administrative expense consists of two pieces: 1) the PMRS administrative expenses (i.e., the \$20 per participant charge paid directly by the municipality, and 2) the additional administrative expenses in excess of the PMRS administrative expenses that are paid through the Undistributed Earnings.

An experience study is completed every five years for the System. The assumptions above were reviewed and adopted by the Board based on the most recent experience study for the period covering January 1, 2014 – December 31, 2018. The assumption changes from this experience study were first reflected as of the December 31, 2020 measurement date.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

The following shows the changes in the Total Pension Liability (TPL), the Plan Fiduciary Net Position (fair value of plan assets), and the Net Pension Liability (NPL) as of the Measurement date.

|                                                       | <b><u>( a )</u></b>        | <b><u>( b )</u></b>         | <b><u>( c )</u></b>          |
|-------------------------------------------------------|----------------------------|-----------------------------|------------------------------|
| <b>Balance at 12/31/23</b>                            | <b>\$ 7,367,794</b>        | <b>\$ 11,657,887</b>        | <b>\$ (4,290,093)</b>        |
| Changes for the year:                                 |                            |                             |                              |
| Service cost                                          | 158,854                    | -                           | 158,854                      |
| Interest                                              | 373,622                    | -                           | 373,622                      |
| Changes of benefits                                   | -                          | -                           | -                            |
| Changes of assumptions                                | (169,169)                  | -                           | (169,169)                    |
| Differences between expected<br>and actual experience | (217,753)                  |                             | (217,753)                    |
| Contributions-employer                                | -                          | -                           | -                            |
| Contributions-PMRS assessment                         | -                          | 180                         | (180)                        |
| Contributions-member                                  | -                          | 39,172                      | (39,172)                     |
| PMRS investment income                                | -                          | 553,093                     | (553,093)                    |
| Market value investment income **                     | -                          | 407,624                     | (407,624)                    |
| Benefit payments                                      | (830,718)                  | (830,718)                   | -                            |
| PMRS administrative expense                           | -                          | (1,680)                     | 1,680                        |
| Additional administrative expense                     | -                          | (30,293)                    | 30,293                       |
| Net changes                                           | <u>(685,164)</u>           | <u>137,378</u>              | <u>(822,542)</u>             |
| <b>Balance at 12/31/24</b>                            | <b><u>\$ 6,682,630</u></b> | <b><u>\$ 11,795,265</u></b> | <b><u>\$ (5,112,635)</u></b> |

\*\* Reflects the net investment income/(loss) of \$472,093 and the income/(loss) due to the difference between expected and actual asset values of (\$64,469), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

The above does not reflect changes in benefits, assumptions, or reverse accounts after the measurement date. Except where noted, the TPL as of December 31, 2024, was based on the data, actuarial methods and assumptions, and plan provisions as described in Appendix A and E. The assumptions used to determine the TPL as of the December 31, 2023 measurement date can be found in the January 1, 2024 PMRS actuarial valuation report on the prior year's GASB report.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**SCHEDULE OF DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The impact of investment gains or losses and assumptions changes on the TPL are recognized in the pension expense over the average expected remaining service life of all active and inactive members of the Plan. The impact of plan investment gains or losses is recognized in the pension expense over a period of five years. The impact of investment gains or losses is recognized in the pension expense over a period of five years. The impact of plan changes is recognized immediately. The following is a schedule of collective deferred inflows and outflows as December 31, 2024:

|                                                                                     | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|-------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| Differences between expected<br>and actual experience                               | \$ 145,169                                           | \$ -                                                |
| Change in assumptions                                                               | 112,779                                              | -                                                   |
| Net difference between projected and<br>actual earnings on pension plan investments | -                                                    | 19,833                                              |
| TOTAL                                                                               | <b><u>\$ 257,948</u></b>                             | <b><u>\$ 19,833</u></b>                             |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent audit reports as follows:

| <b><u>Measurement<br/>Date<br/>Year ended<br/>December 31,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>December 31,</u></b> | <b><u>Amount</u></b> |
|--------------------------------------------------------------------|------------------------------------------------------------------|----------------------|
| 2024                                                               | 2025                                                             | \$ (73,921)          |
| 2025                                                               | 2026                                                             | 118,737              |
| 2026                                                               | 2027                                                             | (201,407)            |
| 2027                                                               | 2028                                                             | (81,524)             |
| 2028                                                               | 2029                                                             | -                    |
| Thereafter                                                         | Thereafter                                                       | -                    |

**PENSION EXPENSE**

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, the change in Net Pension Liability (NPL) plus the changes in deferred outflows and deferred inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. Although not required by GASB, PMRS provides an example of this calculation at [pmrs.state.pa.us/yearendrptg](http://pmrs.state.pa.us/yearendrptg).

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**LONG-TERM EXPECTED RATE OF RETURN ON PLAN ASSETS**

The PMRS System's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combined to produce the Systems' Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan's target asset allocation as of December 31, 2024, and summarized in the table below labeled "System Nominal Net and Real Rates of Return by Asset Class."

**System Nominal and Real Rates of Return by Asset Class**

| <b><u>Asset Class</u></b>                   | <b><u>Target<br/>Asset<br/>Allocation</u></b> | <b><u>Nominal<br/>Net Rate of<br/>Return</u></b> | <b><u>Long-Term<br/>Expected<br/>Real Rate<br/>of Return</u></b> |
|---------------------------------------------|-----------------------------------------------|--------------------------------------------------|------------------------------------------------------------------|
| Domestic Equities (large cap)               | 24.50%                                        | 7.39%                                            | 4.89%                                                            |
| Domestic Equities (small cap)               | 8.00%                                         | 8.30%                                            | 5.80%                                                            |
| International Equities (developing markets) | 14.50%                                        | 8.03%                                            | 5.53%                                                            |
| International Equities (emerging markets)   | 3.00%                                         | 8.39%                                            | 5.89%                                                            |
| Global Equities                             | 5.00%                                         | 6.44%                                            | 3.94%                                                            |
| Real Estate                                 | 10.00%                                        | 6.38%                                            | 3.88%                                                            |
| Timber                                      | 5.00%                                         | 5.57%                                            | 3.07%                                                            |
| Fixed Income (Core Investment Grade)        | 24.00%                                        | 5.01%                                            | 2.51%                                                            |
| Fixed Income (Opportunistic Credit)         | 5.00%                                         | 6.85%                                            | 4.35%                                                            |
| Cash                                        | 1.00%                                         | 3.11%                                            | 0.61%                                                            |
| Total Portfolio                             | 100.00%                                       | 7.29%                                            | 4.79%                                                            |

Based on the aforementioned methodology, the Board established the System's Long-Term Expected Rate of Return at 7.29%.

In addition to determining the System's Long-Term Nominal Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2024, this rate is equal to 5.50%.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**LONG-TERM EXPECTED RATE OF RETURN ON PLAN ASSETS (Continued)**

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal and Real Rates of Return" identifies simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Marquette Associates.

**Confidence Levels for System Nominal and Real Rates of Return**

| <b>Confidence<br/>Interval</b> | <b>Nominal<br/>Rate of<br/>Return</b> | <b>Long-Term<br/>Expected<br/>Real Rate<br/>of Return</b> |
|--------------------------------|---------------------------------------|-----------------------------------------------------------|
| 95.00%                         | 4.17%                                 | 1.67%                                                     |
| 90.00%                         | 4.66%                                 | 2.16%                                                     |
| 85.00%                         | 5.15%                                 | 2.65%                                                     |
| 80.00%                         | 5.64%                                 | 3.14%                                                     |
| 75.00%                         | 6.13%                                 | 3.63%                                                     |
| 70.00%                         | 6.39%                                 | 3.89%                                                     |
| 60.00%                         | 6.91%                                 | 4.41%                                                     |

**DISCOUNT RATE**

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Nominal Rate of return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in establishing the Regular Interest Rate/Discount Rate:

1. Retiree Plan liability as a percentage of total Plan liability,
2. Active Plan participant liability as a percentage of total Plan liability,
3. Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as a proxy for this),
4. PMRS System Long-Term Expected Nominal Rate of Return, and
5. PMRS administrative expenses

The formula using these factors is as follows:

Regular Interest Rate/Discount Rate = (Retiree Liability Percentage x Smoothed PBGC Annuity Rates) + (Active Employee Liability Percentage x System Long-Term Expected Rate of Return) – (Investment Expenses as a percentage of assets)

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**DISCOUNT RATE (Continued)**

The Board may then adjust the Regular Interest Rate/Discount Rate derived from the formula against a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.50% as of December 31, 2024.

The Regular Interest Rate/Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required ("depletion testing"), used the following assumptions: 1) member contributions will be made at the current contribution rate, 2) participating plan sponsors contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two additional measures, plus and minus one percent from the rate used for the disclosure.

|                                                                      | <b><u>1% Decrease<br/>(4.50%)</u></b> | <b><u>Current<br/>Discount Rate<br/>(5.50%)</u></b> | <b><u>1% Increase<br/>(6.50%)</u></b> |
|----------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------|---------------------------------------|
| Total Pension Liability                                              | \$ 7,404,393                          | \$ 6,682,630                                        | \$ 6,071,409                          |
| Plan Fiduciary Net Position                                          | <u>11,795,265</u>                     | <u>11,795,265</u>                                   | <u>11,795,265</u>                     |
| Net Pension Liability                                                | \$ (4,390,872)                        | \$ (5,112,635)                                      | \$ (5,723,856)                        |
| Plan Fiduciary Net Position as a<br>% of the Total Pension Liability | 159.30%                               | 176.51%                                             | 194.28%                               |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS**

**FIREMEN'S PENSION PLAN** - The City of Sharon Fireman's Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Chapter 288 of the City's Codified Ordinances adopted pursuant to the act of June 23, 1931, P.L. 932, No. 317, as amended 53 P.S., Section 39301. The plan was established effective March 13, 1961. The plan is governed by the City of Sharon Council, who is responsible for the management of plan assets. The City Council has delegated the authority to manage certain plan assets to US Asset Management, LLC and Huntington Trust serves as financial custodian.

Plan membership as of December 31, 2024 was comprised of:

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Active employees                                                        | 19               |
| Retirees and beneficiaries currently receiving benefits                 | 28               |
| Terminated employees entitled to benefits<br>but not yet receiving them | <u>0</u>         |
| Total                                                                   | <u><u>47</u></u> |

A summary of the plan's provisions is as follows:

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>PARTICIPANTS</u></b> -       | All full-time firemen of the City.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b><u>ELIGIBILITY</u></b> -        | <b>Normal:</b> Completion of twenty years of service for fire fighters hired prior to January 1, 2002. Age 50 and 20 years of service for firefighters hired on or after January 1, 2002. No early retirement benefit is available.                                                                                                                                                                                                                                                                                                                                                        |
| <b><u>BENEFITS</u></b> -           | Greater of 50% of monthly salary at retirement or 50% of highest five-year average annual salary preceding retirement. Service increment is 1/40 <sup>th</sup> of the Normal Benefit for each completed year of service in excess of 20 years, up to as maximum increment of \$100/month. Service after age 65 is not counted.                                                                                                                                                                                                                                                             |
| <b><u>DEATH BENEFIT</u></b> -      | <b>Pre-retirement:</b> Return of contributions without interest or upon death of member who is killed in service on or after 1/1/1960, or who dies in service on or after 1/1/1968, 100% benefit to widow for life.<br><br><b>Post-retirement:</b> 100% payable to widow during her lifetime.                                                                                                                                                                                                                                                                                              |
| <b><u>DISABILITY BENEFIT</u></b> - | <b>Service related:</b> Injury or illness after 15 years of service, permanent and total disability: a disability benefit of 75% of the normal pension is payable.<br><br><b>Non-service related:</b> 25% of final monthly average salary at the time of disability for any firefighter with less than 10 years of service who is disabled due to injury or illness not in the line of duty. After 10 years of service, a firefighter shall be entitled to 50% of final monthly average salary at the time of disability. Firefighters hired on or after January 1, 2008 are not eligible. |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS (Continued)**

**FIREMEN'S PENSION PLAN (Continued)**

|                         |                                                                                                                                                                                                                                               |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>VESTING</u></b> - | Participants hired before January 1, 2008 are vested in accordance with the schedule provided in the actuarial valuation dated January 1, 2019.                                                                                               |
| <b><u>FUNDING</u></b> - | Employee contributions are 5% of their monthly salary plus \$1.00 per month. The City's contributions are to be determined by the actuary. The City's contribution for 2025 was \$139,962 of which \$132,580 was Municipal Pension State Aid. |

**POLICE PENSION PLAN** - The City of Sharon Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Chapter 286 of the City's Codified Ordinances adopted pursuant to the act of June 23, 1931, P.L. 932, No. 317 as amended 53 P.S., Section 39301. The plan is governed by the City of Sharon Council, who is responsible for the management of plan assets. The City Council has delegated the authority to manage certain plan assets to US Asset Management, LLC and The Huntington Trust serves as financial custodian.

Plan membership as of December 31, 2024 was comprised of:

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Active employees                                                        | 29               |
| Retirees and beneficiaries currently receiving benefits                 | 43               |
| Terminated employees entitled to benefits<br>but not yet receiving them | <u>2</u>         |
| Total                                                                   | <u><u>74</u></u> |

A summary of the plan's provisions is as follows:

|                              |                                                                                                                                                                                                                                                                                                                               |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>PARTICIPANTS</u></b> - | All full-time policemen of the City.                                                                                                                                                                                                                                                                                          |
| <b><u>ELIGIBILITY</u></b> -  | <b>Normal:</b> Completion of twenty years of service and age 50. No early retirement benefit is available.                                                                                                                                                                                                                    |
| <b><u>BENEFITS</u></b> -     | Greater of 50% of monthly salary at retirement or 50% of highest five-year average annual salary preceding retirement. Service increment is 1/40 <sup>th</sup> of the normal benefit for each completed year of service in excess of 20 years, up to a maximum increment of \$300/month. Service after age 65 is not counted. |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS (Continued)**

**POLICE PENSION PLAN (Continued)**

**DEATH BENEFIT -**

**Pre-retirement:** Any police officer who has less than 10 years of service and who dies shall be entitled to 25% of final monthly average salary computed as of time of death. For death after 10 years of service, an officer shall be entitled to 50% of final monthly average salary as of the time of death.

**Post-retirement:** 100% to widow during her lifetime. If the widow dies or has already died, then 50% (100% for disability pensioners) to a child or children of the officer under the age of 18. Widows of officers who retired prior to 1976 are entitled to the minimum pension.

**DISABILITY BENEFIT -**

**Service related:** Normal retirement including service increment. If hired on or after January 1, 2008, the benefit is offset by Workers Compensation payments for Enforcement Officers Disability Benefit Law payments.

**Non-service related:** 25% of final monthly average salary at the time of disability for any police officer with less than 10 years of service who is disabled due to injury or illness not in the line of duty. After 10 years of service, an officer shall be entitled to 50% of final monthly average salary at time of disability.

**VESTING -**

Participants are vested after 10 years of service (12 years if hired on or after January 1, 2008), in accordance with the schedule provided in the actuarial valuation dated January 1, 2019.

**FUNDING -**

Employee contributions are 5% of their monthly salary plus \$3.00 per month. The City's contributions are to be determined by the actuary. The City's contribution for 2025 was \$687,520 of which \$647,303 was Municipal Pension State Aid.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

The components of the net pension liabilities for the firemen's and police pension plan at December 31, 2024 are as follows:

|                                                                      | <b><u>Firemen's</u></b>    | <b><u>Police</u></b>       |
|----------------------------------------------------------------------|----------------------------|----------------------------|
| Total pension liability*                                             | \$ 10,560,569              | \$ 19,163,794              |
| Plan fiduciary net position                                          | (11,479,646)               | (18,072,871)               |
| Net pension liability (asset)                                        | <b><u>\$ (919,077)</u></b> | <b><u>\$ 1,090,923</u></b> |
|                                                                      |                            |                            |
| Plan fiduciary net position as a %<br>of the total pension liability | 108.70%                    | 94.31%                     |

\* The City of Sharon's total pension liability for the firemen's and police pension plans was determined by an actuarial valuation as of January 1, 2025 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

The following shows the changes in the Total Pension Liability (TPL), the Plan Fiduciary Net Position (fair value of plan assets), and the Net Pension Liability (NPL) as of the Measurement date.

| <b>FIREMEN'S PENSION PLAN</b>                         | <b>Total Pension<br/>Liability<br/>( a )</b> | <b>Plan Fiduciary<br/>Net Position<br/>( b )</b> | <b>Net Pension<br/>Liability<br/>( c )</b> |
|-------------------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|
| <b>Balance, beginning of year</b>                     | <b><u>\$ 10,507,014</u></b>                  | <b><u>\$ 10,458,383</u></b>                      | <b><u>\$ 48,631</u></b>                    |
| Changes for the year:                                 |                                              |                                                  |                                            |
| Service cost                                          | 123,610                                      | -                                                | 123,610                                    |
| Interest                                              | 666,219                                      | -                                                | 666,219                                    |
| Differences between expected<br>and actual experience | (222,340)                                    | -                                                | (222,340)                                  |
| Changes of assumptions                                | 189,647                                      | -                                                | 189,647                                    |
| Contributions-employer                                | -                                            | 133,578                                          | (133,578)                                  |
| Contributions-employee                                | -                                            | 45,790                                           | (45,790)                                   |
| Net investment income                                 | -                                            | 1,556,931                                        | (1,556,931)                                |
| Benefit payments                                      | (703,581)                                    | (703,581)                                        | -                                          |
| Administrative expenses                               | -                                            | (11,455)                                         | 11,455                                     |
| Net changes                                           | <u>53,555</u>                                | <u>1,021,263</u>                                 | <u>(967,708)</u>                           |
| <b>Balance, End of Year</b>                           | <b><u>\$ 10,560,569</u></b>                  | <b><u>\$ 11,479,646</u></b>                      | <b><u>\$ (919,077)</u></b>                 |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

| <b>POLICE PENSION PLAN</b>                            | <b>Total Pension<br/>Liability<br/>( a )</b> | <b>Plan Fiduciary<br/>Net Position<br/>( b )</b> | <b>Net Pension<br/>Liability<br/>( c )</b> |
|-------------------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|
| <b>Balance, beginning of year</b>                     | <b>\$ 18,204,077</b>                         | <b>\$ 16,156,789</b>                             | <b>\$ 2,047,288</b>                        |
| Changes for the year:                                 |                                              |                                                  |                                            |
| Service cost                                          | 240,743                                      | -                                                | 240,743                                    |
| Interest                                              | 1,155,093                                    | -                                                | 1,155,093                                  |
| Differences between expected<br>and actual experience | 611,551                                      | -                                                | 611,551                                    |
| Changes of assumptions                                | 196,931                                      | -                                                | 196,931                                    |
| Contributions-employer                                | -                                            | 668,156                                          | (668,156)                                  |
| Contributions-employee                                | -                                            | 91,659                                           | (91,659)                                   |
| Net investment income                                 | -                                            | 2,412,323                                        | (2,412,323)                                |
| Benefit payments                                      | (1,244,601)                                  | (1,244,601)                                      | -                                          |
| Administrative expenses                               | -                                            | (11,455)                                         | 11,455                                     |
| Net changes                                           | 959,717                                      | 1,916,082                                        | (956,365)                                  |
| <b>Balance, End of Year</b>                           | <b>\$ 19,163,794</b>                         | <b>\$ 18,072,871</b>                             | <b>\$ 1,090,923</b>                        |

The TPL as of December 31, 2024 was based upon actuarial methods and assumptions as described in the notes to required supplementary information on pages 70 and 71.

Components of Pension Expense of the firemen's and police pension plans for the Year Ended December 31, 2024 are as follows:

|                                                                                         | <b>Firemen's</b>   | <b>Police</b>     |
|-----------------------------------------------------------------------------------------|--------------------|-------------------|
| Service Cost                                                                            | \$ 123,610         | \$ 240,743        |
| Interest on the total pension liability                                                 | 666,219            | 1,155,093         |
| Recognition of differences between expected<br>and actual experience                    | (42,230)           | 366,065           |
| Changes in benefit terms                                                                | -                  | -                 |
| Recognition of changes of assumptions                                                   | 49,741             | 180,624           |
| Employee contributions                                                                  | (45,790)           | (91,659)          |
| Projected earnings on pension plan investments                                          | (660,480)          | (1,030,693)       |
| Recognition of differences between projected and<br>actual earnings on plan investments | (164,984)          | (275,498)         |
| Pension plan administrative expense                                                     | 11,455             | 11,455            |
| <b>Total pension expense</b>                                                            | <b>\$ (62,459)</b> | <b>\$ 556,130</b> |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

For the year ended December 31, 2024, total reported deferred outflows of resources and deferred inflows of resources related to the firemen's and police pension plans are as follows:

|                                                                                             | <b>-- FIREMEN'S --</b>                        |                                              | <b>----- POLICE -----</b>                     |                                              |
|---------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|
|                                                                                             | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Differences between expected<br>and actual experience                                       | \$ -                                          | \$ 158,814                                   | \$ 607,154                                    | \$ -                                         |
| Changes of assumptions                                                                      | 135,462                                       | -                                            | 256,055                                       | -                                            |
| Net difference between<br>projected and actual earnings<br>on pension plan investments      | <u>1,053,712</u>                              | <u>1,505,925</u>                             | <u>1,569,138</u>                              | <u>2,320,759</u>                             |
| Subtotal, to be recognized<br>in future pension expense                                     | \$ 1,189,174                                  | \$ 1,664,739                                 | \$ 2,432,347                                  | \$ 2,320,759                                 |
| Employer Contributions made<br>subsequent to measurement<br>date but before fiscal year end | <u>139,962</u>                                | <u>-</u>                                     | <u>687,520</u>                                | <u>-</u>                                     |
| <b>TOTAL</b>                                                                                | <b><u>\$ 1,329,136</u></b>                    | <b><u>\$ 1,664,739</u></b>                   | <b><u>\$ 3,119,867</u></b>                    | <b><u>\$ 2,320,759</u></b>                   |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, prior to contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

| <b>Year ended<br/>December 31,</b> | <b>FIREMEN'S<br/>PENSION<br/>PLAN</b> | <b>POLICE<br/>PENSION<br/>PLAN</b> |
|------------------------------------|---------------------------------------|------------------------------------|
| 2026                               | \$ (82,317)                           | \$ 354,267                         |
| 2027                               | 154,115                               | 441,886                            |
| 2028                               | (368,072)                             | (408,239)                          |
| 2029                               | (179,291)                             | (276,326)                          |
| 2030                               | -                                     | -                                  |
| Thereafter                         | -                                     | -                                  |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 14 - CITY PENSION PLANS (Continued)**

**FIREMEN'S AND POLICE PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

**Long-Term Expected Rate of Return on Investments:**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future real rates of return is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the firemen's and police pension plan's target asset allocation were provided through a poll of major investment advisory firms and are summarized as follows:

| <b>Asset Class</b>               | <b>Target Allocation</b> | <b>Long-Term Expected Nominal Rate of Return</b> | <b>Long-Term Expected Real Rate of Return</b> |
|----------------------------------|--------------------------|--------------------------------------------------|-----------------------------------------------|
| Large Cap US Equity              | 65%                      | 9.98%                                            | 7.30%                                         |
| Fixed Income                     | 35%                      | 5.99%                                            | 3.40%                                         |
| Long-term assumed inflation rate |                          | 2.50%                                            |                                               |

**Discount Rate:**

The discount rate used to measure the total pension liability at December 31, 2024 is 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions would continue at the current rates, and that the employer would contribute the Minimum Municipal Obligation in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Sensitivity of the net pension (asset)/liability to changes in the discount rate:**

The following presents the net pension liability of the City of Sharon's firemen's and police pension plans, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

|                        | <b>1% Decrease<br/>5.50%</b> | <b>Current<br/>Discount Rate<br/>6.50%</b> | <b>1% Increase<br/>7.50%</b> |
|------------------------|------------------------------|--------------------------------------------|------------------------------|
| Firemen's Pension Plan | \$ 258,317                   | \$ (919,077)                               | \$ (1,902,332)               |
| Police Pension Plan    | 3,645,859                    | 1,090,923                                  | (987,750)                    |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PLAN DESCRIPTION**

The City of Sharon administers a single employer defined benefit health care plan ("the Retiree Health Plan"). The Retiree Health Plan provides healthcare insurance (including prescription) until retirees and spouses are Medicare eligible (spousal benefits end when the spouse reaches Medicare eligibility regardless of the age of the participant) and a \$2,500 death benefit for eligible retirees through the City's group life insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the unions representing City employees and are renegotiated each bargaining period. In addition, coverage is provided for management. The Retiree Health Plan does not issue a publicly available financial report.

The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.

**FUNDING POLICY**

The contribution requirements of the City and plan members are established through negotiations with the City's unions. Contribution requirements for management are established by City Council. The required contribution is based on pay-as-you-go financing. The City self-insures in-network deductible amounts between \$250 - \$2,500 (\$1,500-\$3,000 for family coverage). Out of network deductible is \$3,000 (\$6,000 for family coverage).

**EMPLOYEES COVERED BY BENEFIT TERMS**

As of December 31, 2025, the following employees were covered by the benefit terms:

|                                                |            |
|------------------------------------------------|------------|
| Active participants                            | 72         |
| Terminated participants with deferred benefits | 1          |
| Participants receiving benefits                | 84         |
| Total                                          | <u>157</u> |

The City's total OPEB liability of \$7,721,105 was measured as of December 31, 2025 and was determined by an actuarial valuation performed as of December 31, 2023.

**ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, as described in the notes to required supplementary information on page 72.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**CHANGES IN THE TOTAL OPEB LIABILITY**

|                                                             |                            |
|-------------------------------------------------------------|----------------------------|
| Balance at December 31, 2024                                | \$ 7,885,720               |
| Changes for the year:                                       |                            |
| Service cost                                                | 122,314                    |
| Interest                                                    | 330,326                    |
| Changes of benefit terms                                    | -                          |
| Differences between expected and actual experience          | (22,876)                   |
| Changes in assumptions or other inputs                      | (81,620)                   |
| Benefit payments, including refunds of member contributions | (512,759)                  |
| Net Changes                                                 | (164,615)                  |
| Balance at December 31, 2025                                | <u><u>\$ 7,721,105</u></u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 4.28% in 2024 to 4.43% in 2025.

**Sensitivity of the total OPEB liability to changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 4.43%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.43%) or 1-percentage-point higher (5.43%) than the current rate:

|                      | 1%<br>Decrease<br>3.43%    | Current<br>Discount<br>Rate<br>4.43% | 1%<br>Increase<br>5.43%    |
|----------------------|----------------------------|--------------------------------------|----------------------------|
| Total OPEB Liability | <u><u>\$ 8,298,280</u></u> | <u><u>\$ 7,721,105</u></u>           | <u><u>\$ 7,202,757</u></u> |

**Sensitivity of the total OPEB liability to changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | 1%<br>Decrease<br>5.75%    | Current Trend<br>Rates<br>6.75% | 1%<br>Increase<br>7.75%    |
|--------------------|----------------------------|---------------------------------|----------------------------|
| Initial Rate:      | 5.75%                      | 6.75%                           | 7.75%                      |
| Ultimate Rate:     | 3.00%                      | 4.00%                           | 5.00%                      |
| Net OPEB Liability | <u><u>\$ 7,141,481</u></u> | <u><u>\$ 7,721,105</u></u>      | <u><u>\$ 8,454,133</u></u> |

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

|                                                      | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and<br>actual experience | \$ 662,337                                | \$ 17,296                                |
| Changes of assumptions or other inputs               | 107,301                                   | 61,713                                   |
|                                                      | <b><u>\$ 769,638</u></b>                  | <b><u>\$ 79,009</u></b>                  |

Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Fiscal<br/>Year ended<br/>December 31,</b> | <b>Amortization<br/>Amount</b> |
|-----------------------------------------------|--------------------------------|
| 2026                                          | \$ 364,103                     |
| 2027                                          | 354,560                        |
| 2028                                          | (25,487)                       |
| 2029                                          | (2,547)                        |
| 2030                                          | -                              |
| thereafter                                    | -                              |

**NOTE 16 – LEASE AGREEMENTS**

On July 1, 1995, the City entered into a lease agreement with Primary Health Network for the leasing of a parking lot owned by the City. The terms of the lease call for monthly payments of \$25 from July 1, 1995 through June 30, 2045. During 2025 the total rental amount received was \$300.

On June 1, 2014, the City entered into a lease agreement with Primary Health Network for the leasing of a parking garage owned by the City. The terms of the lease call for monthly payments of \$833 from June of 2014 through May of 2042. The monthly payments can be offset by any permanent improvements made to the premises and any real estate taxes (state, local, or county). Interest will be charged on late payments at a prime rate of PNC Bank, N.A. For 2025, taxes exceeded the amount of rent due, as such, no rent payments were received.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 16 – LEASE AGREEMENTS (Continued)**

On December 16, 2020, the City entered into a lease agreement with the City of Sharon Sanitary Authority for leasing of the premises formerly known as the Sharon Wage Tax Office, including the safe area and three additional offices, together with all desks, telephones, and equipment therein. The terms of the lease call for payment by the Authority of \$20,000 to be made on January 10, 2021. Payments of \$20,600.00, \$21,218.00, \$21,854.54, and \$22,510.18 are to be made on the 10<sup>th</sup> day of January in the four subsequent years. This annual rental includes all public utility and internet costs associated with the space demised. During the term, the City agrees to provide the Authority, for and in consideration of payment by the Authority of \$80,000 annually to be paid in equal monthly installments of \$6,666.66. The Authority will be responsible for the administration of the downspout inspection program within the corporate limits of the City and shall be entitled to all revenues generated from that program and set all fees and costs associated therewith. The Authority will provide, at no cost to the City, all labor necessary for the operation and maintenance of the City's storm water system. Further details can be found in the lease agreement. During 2025 the total amount received was \$95,844.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATION**

**UPPER SHENANGO VALLEY WATER POLLUTION CONTROL AUTHORITY**

The City of Sharon Sanitary Authority in the Upper Shenango Valley Water Pollution Control Authority along with Sharpsville City, Hickory City, and South Pymatuning Township under a jointly governed arrangement dated October 1, 1971. Details regarding the specific rights, duties and obligations of each participating member are detailed in the arrangement.

**NOTE 18 – HOUSING PROJECT**

In June of 2009, the City of Sharon was awarded a \$3,696,471 grant through the Pennsylvania Department of Community and Economic Development for the construction of 20 rental units of housing for age 55 and older residents in the City of Sharon in addition to rehabilitation of single unit residential housing in the City of Hermitage. As of December 31, 2015, \$3,483,404 in costs related to this project have been recorded in the financial statements.

The construction funding for the rental units is being sub-granted to the Mercer County Housing Authority (Housing Authority). In connection with this, the City has entered into a loan agreement with the Housing Authority. Under provisions of the loan agreement, the City will loan up to \$3,166,571 of the grant funds to the Housing Authority for construction and grant up to \$300,000 to the Housing Authority to be used for revolving loans for the rehabilitation of single-family residential units in the City of Sharon which are owned by the Housing Authority.

The loan is for 15 years from the completion date of construction and bears interest at zero (0) percent. If the Housing Authority complies with all applicable low-income housing restrictions and no event of default occurs, the loan will be forgiven by the City on the date of maturity of the note.

If the Housing Authority is not in compliance or if there is an event of default, the entire balance of the loan will immediately become due and payable to the City. The Housing Authority is also required to pay the City an annual service fee of \$15,000 each year the project is exempt from real estate taxes. It is the intention of the Housing Authority to comply with all restrictions and, therefore, no loan has been recorded in the financial statements.

**CITY OF SHARON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

**NOTE 19 – RISK AND UNCERTAINTIES**

**GENERAL INSURANCE**

The City of Sharon is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**LEGAL MATTERS**

The City of Sharon, in the normal course of operations, is party to various legal matters normally associated with municipalities such as real estate tax assessment appeals, personnel wages and benefits, and other miscellaneous legal matters. Management is not aware of any matters that would materially affect the financial position or results of operations of the City.

**FEDERAL AND STATE FUNDING**

The City of Sharon's state and federally funded programs, including its pension funds, are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The City is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 20 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustment totaling \$20,603 to the City's January 1, 2025 governmental activities net position (Exhibit B) and fund balance of the City's Non-Major Governmental Funds (Exhibits E and G), represents the addition of the City's Zoning Board and Beautification Commission Funds.

**NOTE 21 – SUBSEQUENT EVENTS**

Management has determined that there are no events, subsequent to December 31, 2025 through the September 30, 2026 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

# **SUPPLEMENTARY INFORMATION**

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                       | BUDGET              | ACTUAL              | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|---------------------------------------|---------------------|---------------------|---------------------------------|
| <b>TAXES:</b>                         |                     |                     |                                 |
| Real Estate - Current                 | \$ 2,580,000        | \$ 2,554,613        | \$ 2,440,866                    |
| Real Estate - Delinquent              | 340,000             | 462,079             | 355,522                         |
| Per Capita - Current                  | 40,000              | 39,970              | 40,661                          |
| Per Capita - Prior Years              | 15,000              | 14,829              | 14,595                          |
| Real Estate Transfer Tax              | 400,000             | 802,651             | 656,791                         |
| Earned Income Tax Residents - Current | 3,519,000           | 3,568,551           | 3,531,128                       |
| Earned Income Tax - Delinquent        | 150,000             | 196,984             | 206,749                         |
| Earned Income Tax Non-Residents       | 500,000             | 449,437             | 499,030                         |
| Local Service Tax                     | 200,000             | 177,448             | 194,281                         |
| Mechanical Device Tax                 | 13,000              | 14,918              | 15,145                          |
| <b>TOTAL TAXES</b>                    | <b>\$ 7,757,000</b> | <b>\$ 8,281,480</b> | <b>\$ 7,954,768</b>             |
| <b>LICENSES AND PERMITS:</b>          |                     |                     |                                 |
| Building Permits                      | \$ 20,000           | \$ 44,629           | \$ 36,593                       |
| Miscellaneous Licenses                | 25,000              | 28,415              | 26,765                          |
| Rental Inspection Licenses            | 333,249             | 124,030             | 85,970                          |
| Other Permits                         | 25,000              | 48,815              | 29,328                          |
| Cable TV Franchise Fee                | 140,000             | 118,437             | 137,878                         |
| <b>TOTAL LICENSES AND PERMITS</b>     | <b>\$ 543,249</b>   | <b>\$ 364,326</b>   | <b>\$ 316,534</b>               |
| <b>FINES AND FORFEITURES:</b>         |                     |                     |                                 |
| City Fines and Costs                  | \$ 55,000           | \$ 110,645          | \$ 85,139                       |
| Demolition Payments                   | -                   | 375                 | 988                             |
| <b>TOTAL FINES AND FORFEITURES</b>    | <b>\$ 55,000</b>    | <b>\$ 111,020</b>   | <b>\$ 86,127</b>                |
| <b>INTEREST AND RENTS:</b>            |                     |                     |                                 |
| Interest                              | \$ 100,000          | \$ 213,684          | \$ 203,735                      |
| CDBG Rent                             | 7,000               | 7,000               | 7,000                           |
| Royalties                             | 300                 | 676                 | 420                             |
| <b>TOTAL INTEREST AND RENTS</b>       | <b>\$ 107,300</b>   | <b>\$ 221,360</b>   | <b>\$ 211,155</b>               |
| <b>INTERGOVERNMENTAL:</b>             |                     |                     |                                 |
| Payment in Lieu of Taxes              | \$ 27,000           | \$ 27,099           | \$ 28,959                       |
| PURTA                                 | 7,000               | 7,304               | 7,463                           |
| Beverage License                      | 5,000               | 7,250               | 4,850                           |
| Recycling Grant                       | 9,000               | 7,119               | 8,559                           |
| Act 13                                | 5,000               | 4,199               | 4,622                           |
| CFA-LSA                               | -                   | -                   | 16,704                          |
| CFA-DCED                              | -                   | 51,868              | -                               |
| Municipal Pension State Aid           | 675,000             | 779,883             | 717,237                         |
| Ad Hoc Pension Reimbursement          | 650                 | 600                 | 650                             |
| School Resource Officer               | 310,000             | 311,332             | 248,814                         |
| PEMA                                  | -                   | 1,319               | -                               |
| PCCD-JAG                              | -                   | 36,622              | 12,485                          |
| PCCD-Police Hiring Incentive          | -                   | 5,000               | -                               |
| PCCD-NIBRS                            | -                   | 97,198              | 52,942                          |
| Safer Grant                           | 258,000             | 260,387             | 222,524                         |
| Cops Hiring Program                   | -                   | 86,169              | -                               |
| <b>TOTAL INTERGOVERNMENTAL</b>        | <b>\$ 1,296,650</b> | <b>\$ 1,683,349</b> | <b>\$ 1,325,809</b>             |

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                                       | BUDGET               | ACTUAL               | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|-------------------------------------------------------|----------------------|----------------------|---------------------------------|
| <b>CHARGES FOR SERVICES:</b>                          |                      |                      |                                 |
| Sewage Administrative Fees                            | \$ 102,500           | \$ 95,844            | \$ 101,855                      |
| Sewage Postage                                        | 2,500                | 4,210                | 2,470                           |
| Sewage Fuel                                           | 7,000                | 7,939                | 7,335                           |
| Sewage Demolition Reimbursement                       | 100,000              | 95,375               | 62,565                          |
| Sewage Financial Services                             | 134,000              | 126,797              | 121,363                         |
| Municipal Liens                                       | 3,000                | 6,450                | 3,795                           |
| Tax Certificate Fee                                   | 8,000                | 13,110               | 9,120                           |
| Street Excavations                                    | 20,000               | 38,038               | 21,684                          |
| Parking Lot Leases                                    | 224                  | 300                  | 300                             |
| Solid Waste Collections                               | 220,000              | 222,680              | 227,233                         |
| Duplicate Fee                                         | 31,000               | 36,100               | 33,850                          |
| School and County Treasurer                           | 135,000              | 108,290              | 105,020                         |
| CDBG Salary/Benefits Reimbursements                   | 150,000              | 140,169              | 129,872                         |
| CDBG Code Reimbursements                              | 50,000               | 28,948               | 38,066                          |
| Police Special Services Reimbursements                | 25,000               | 15,153               | 17,669                          |
| Police OT Reimbursements                              | -                    | 11,496               | 3,949                           |
| Local Drug Task Force OT                              | 5,000                | 16,841               | 15,577                          |
| Task Force                                            | -                    | 15,682               | -                               |
| Special Events                                        | -                    | -                    | 8,080                           |
| <b>TOTAL CHARGES FOR SERVICES</b>                     | <b>\$ 993,224</b>    | <b>\$ 983,422</b>    | <b>\$ 909,803</b>               |
| <b>MISCELLANEOUS:</b>                                 |                      |                      |                                 |
| General Miscellaneous                                 | \$ 10,000            | \$ 14,633            | \$ 10,853                       |
| Insurance Proceeds                                    | -                    | 227,650              | 61,141                          |
| Retiree Hospitalization Reimbursements                | 20,000               | 23,079               | 23,539                          |
| Sale of Fire Department Shirts                        | -                    | 2,584                | 143                             |
| Employee Health Care Contribution                     | 202,607              | 175,581              | 140,219                         |
| <b>TOTAL MISCELLANEOUS</b>                            | <b>\$ 232,607</b>    | <b>\$ 443,527</b>    | <b>\$ 235,895</b>               |
| <b>OTHER FINANCIAL SOURCES:</b>                       |                      |                      |                                 |
| Sale of Property/Supplies                             | \$ 1,500             | \$ 6,526             | \$ 7,368                        |
| Transfer from Highway Aid Fund                        | 150,000              | 200,000              | 190,000                         |
| Transfer from Sick Pay Buyback Fund                   | 116,700              | 54,091               | 41,708                          |
| Transfer from Local Fiscal Recovery Fund              | -                    | 24,656               | 47,580                          |
| Refund of Prior Year Expenses                         | 70,000               | 94,134               | 84,870                          |
| <b>TOTAL OTHER FINANCIAL SOURCES</b>                  | <b>\$ 338,200</b>    | <b>\$ 379,407</b>    | <b>\$ 371,526</b>               |
| <b>TOTAL REVENUES AND<br/>OTHER FINANCING SOURCES</b> | <b>\$ 11,323,230</b> | <b>\$ 12,467,891</b> | <b>\$ 11,411,617</b>            |

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                      | BUDGET            | ACTUAL            | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|--------------------------------------|-------------------|-------------------|---------------------------------|
| <b>GENERAL GOVERNMENT:</b>           |                   |                   |                                 |
| <b>CITY MANAGER:</b>                 |                   |                   |                                 |
| Assistant to the City Manager        | \$ 45,000         | \$ 46,566         | \$ 36,432                       |
| Employee Benefits                    | 2,824             | 3,079             | 2,558                           |
| Sick Time Buy Back                   | 57                | 7                 | -                               |
| Materials/Supplies                   | 2,000             | 1,190             | 594                             |
| Employer Social Security             | 2,949             | 2,897             | 2,396                           |
| Employer Medicare                    | 690               | 677               | 560                             |
| Employer Unemployment                | 387               | 387               | 331                             |
| Communication Expense                | 2,175             | 1,355             | 2,082                           |
| Executive Development/Dues           | 3,500             | 1,017             | 1,408                           |
| <b>TOTAL CITY MANAGER</b>            | <b>\$ 59,582</b>  | <b>\$ 57,175</b>  | <b>\$ 46,361</b>                |
| <b>COUNCIL:</b>                      |                   |                   |                                 |
| Council Salaries                     | \$ 31,200         | \$ 31,200         | \$ 30,590                       |
| City Clerk Salary                    | 10,978            | 10,978            | 10,710                          |
| Solicitor Salary                     | 47,500            | 50,000            | 43,542                          |
| Employee Benefits                    | 7,925             | -                 | -                               |
| Materials/Supplies                   | 1,500             | 1,323             | 150                             |
| Employer Social Security             | 2,615             | 2,587             | 2,532                           |
| Employer Medicare                    | 612               | 606               | 593                             |
| Advertising/Printing                 | 15,000            | 14,179            | 11,317                          |
| Communication Expense                | 3,800             | 3,497             | 3,311                           |
| Bonding                              | 100               | 100               | 100                             |
| Association Dues                     | 3,500             | 3,365             | 3,366                           |
| <b>TOTAL COUNCIL</b>                 | <b>\$ 124,730</b> | <b>\$ 117,835</b> | <b>\$ 106,211</b>               |
| <b>CITY MANAGER/FIRE CHIEF:</b>      |                   |                   |                                 |
| City Manager/Fire Chief Salary       | \$ 105,053        | \$ 110,865        | \$ 102,490                      |
| Sick Time Buy Back                   | 600               | 600               | 600                             |
| Employee Benefits                    | 23,238            | 29,187            | 19,442                          |
| Employer Social Security             | -                 | 6,119             | -                               |
| Employer Medicare                    | 1,532             | 1,431             | 1,412                           |
| Employer Unemployment                | 387               | 387               | 331                             |
| Vehicle - Insurance Reimbursement    | -                 | -                 | -                               |
| Communication Expense                | 1,300             | 1,264             | 1,182                           |
| Travel and Development               | 1,000             | 665               | 283                             |
| Bonding                              | 100               | 100               | 100                             |
| <b>TOTAL CITY MANAGER/FIRE CHIEF</b> | <b>\$ 133,210</b> | <b>\$ 150,618</b> | <b>\$ 125,840</b>               |
| <b>FINANCE:</b>                      |                   |                   |                                 |
| Finance Director Salary              | \$ 158,731        | \$ 157,109        | \$ 154,934                      |
| Clerical Wages                       | 136,634           | 142,488           | 131,165                         |
| Sick Time Buy Back                   | 643               | 1,141             | 1,668                           |
| Materials/Supplies                   | 30,000            | 42,751            | 26,371                          |
| New Hire - Preemployment             | -                 | 214               | -                               |
| Employee Benefits                    | 159,919           | 118,765           | 102,819                         |
| Employer Social Security             | 20,212            | 17,609            | 17,253                          |
| Employer Medicare                    | 4,727             | 4,118             | 4,035                           |
| Employer Unemployment                | 2,322             | 2,444             | 1,654                           |
| Advertising/Printing                 | 200               | -                 | 189                             |
| Insurance and Bonding                | 3,000             | 3,254             | 2,870                           |
| Consultant Services                  | 8,000             | 510               | 2,245                           |
| Audit Expense                        | 12,000            | 10,758            | 7,580                           |
| Communication Expense                | 2,500             | 1,627             | 2,454                           |
| Maintenance and Repairs              | 1,000             | -                 | -                               |
| Executive Development/Travel         | 1,500             | 873               | 874                             |
| Association Dues                     | 2,000             | 1,215             | 1,052                           |
| <b>TOTAL FINANCE</b>                 | <b>\$ 543,388</b> | <b>\$ 504,876</b> | <b>\$ 457,163</b>               |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                        | BUDGET              | ACTUAL              | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|----------------------------------------|---------------------|---------------------|---------------------------------|
| <b>GENERAL GOVERNMENT: (Continued)</b> |                     |                     |                                 |
| <b>INFORMATION TECHNOLOGY:</b>         |                     |                     |                                 |
| Social Media and PR Services           | \$ -                | \$ -                | \$ 3,900                        |
| IT Network Services/Data Processing    | 60,000              | 67,251              | 49,534                          |
| <b>TOTAL INFORMATION TECHNOLOGY</b>    | <b>\$ 60,000</b>    | <b>\$ 67,251</b>    | <b>\$ 53,434</b>                |
| <b>ENGINEERING SERVICES</b>            |                     |                     |                                 |
| Engineering Services                   | \$ 40,000           | \$ 5,848            | \$ 38,705                       |
| <b>TOTAL ENGINEERING SERVICES</b>      | <b>\$ 40,000</b>    | <b>\$ 5,848</b>     | <b>\$ 38,705</b>                |
| <b>WAGE TAXES:</b>                     |                     |                     |                                 |
| Postage - Berkheimer                   | \$ 4,000            | \$ 3,467            | \$ 3,560                        |
| Commission - Berkheimer                | 65,000              | 65,332              | 65,672                          |
| <b>TOTAL WAGE TAXES</b>                | <b>\$ 69,000</b>    | <b>\$ 68,799</b>    | <b>\$ 69,232</b>                |
| <b>BUILDING MAINTENANCE:</b>           |                     |                     |                                 |
| Materials/Supplies                     | \$ 4,000            | \$ 3,291            | \$ 3,262                        |
| Building Lease                         | -                   | 15,757              | -                               |
| Park Maintenance                       | 750                 | 1,029               | 683                             |
| Contracted Expense                     | 1,000               | 801                 | 1,237                           |
| Equipment/Elevator Maintenance         | 6,000               | 5,213               | 5,545                           |
| Building - Maintenance/Repair          | 85,000              | 80,148              | 89,478                          |
| Postage                                | 30,000              | 16,033              | 18,335                          |
| Utilities                              | 65,000              | 57,957              | 54,373                          |
| <b>TOTAL BUILDING MAINTENANCE</b>      | <b>\$ 191,750</b>   | <b>\$ 180,229</b>   | <b>\$ 172,913</b>               |
| <b>TOTAL GENERAL GOVERNMENT</b>        | <b>\$ 1,221,660</b> | <b>\$ 1,152,631</b> | <b>\$ 1,069,858</b>             |
| <b>PUBLIC SAFETY:</b>                  |                     |                     |                                 |
| <b>POLICE:</b>                         |                     |                     |                                 |
| Police Wages                           | \$ 2,056,406        | \$ 2,044,817        | \$ 1,807,163                    |
| Recruitment Incentives                 | -                   | 5,000               | -                               |
| Officer in Charge                      | 10,000              | 10,290              | 10,829                          |
| Police Chief Wages                     | 95,659              | 96,019              | 92,980                          |
| Police Clerk Wages                     | 37,436              | 38,012              | 35,704                          |
| Sick Time Buy Back                     | 9,413               | 2,100               | 35,201                          |
| Part-time Clerk                        | 13,923              | 13,502              | 13,155                          |
| Longevity                              | 3,875               | 3,875               | 5,775                           |
| Vacation Buyback                       | -                   | -                   | 8,375                           |
| Employee Benefits                      | 483,692             | 447,183             | 401,753                         |
| New Hire Pre-employment                | 4,000               | -                   | 1,058                           |
| Materials/Supplies                     | 20,000              | 14,594              | 19,396                          |
| Materials/Supplies - JAG               | -                   | 36,630              | 12,485                          |
| Equipment - NIBRS                      | -                   | -                   | 26,433                          |
| Operating Supplies - NIBRS             | -                   | 97,198              | 26,509                          |
| Postage                                | 2,300               | 3,663               | 634                             |
| Uniforms                               | 36,000              | 36,000              | 31,900                          |
| New Hire Uniforms                      | 10,000              | 3,593               | 11,364                          |
| Ammunition/Guns                        | 14,000              | 8,093               | 10,398                          |
| Employer Social Security               | 3,184               | 3,156               | 2,961                           |
| Employer Medicare                      | 36,378              | 39,089              | 33,940                          |
| Employer Unemployment                  | 15,093              | 12,771              | 11,114                          |
| Pension                                | 687,520             | 687,520             | 668,156                         |
| New Hire Ads                           | 850                 | -                   | -                               |
| Police Overtime                        | 148,000             | 184,781             | 168,356                         |
| District Magistrate/County Court       | 50,000              | 60,499              | 69,551                          |
| Shooting Time                          | 3,000               | 33                  | 3,112                           |
| Special Police Service OT              | 25,000              | 13,767              | 17,327                          |
| Shift Differential                     | 10,500              | 11,467              | 11,301                          |
| Police Overtime - Special Events       | 20,000              | 13,145              | 6,080                           |
| Vehicle Maintenance                    | 25,000              | 44,518              | 22,277                          |
| Radio Maintenance                      | 1,500               | 5,743               | 1,908                           |
| New Tires                              | 6,000               | 3,191               | 5,656                           |
| Communication Expense                  | 16,000              | 15,489              | 13,305                          |
| Travel and Development                 | 2,000               | 254                 | 2,882                           |
| Police Training                        | 35,000              | 49,473              | 36,098                          |
| Association Dues                       | 550                 | 730                 | 340                             |
| Contracted Expense                     | 27,000              | 33,976              | 24,376                          |
| Physicals                              | -                   | -                   | 90                              |
| Vehicle - Insurance                    | -                   | 44,347              | -                               |
| Local Durg Task Force OT               | 5,000               | 9,975               | 12,913                          |
| <b>TOTAL POLICE</b>                    | <b>\$ 3,914,279</b> | <b>\$ 4,094,493</b> | <b>\$ 3,662,855</b>             |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                   | BUDGET              | ACTUAL              | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|-----------------------------------|---------------------|---------------------|---------------------------------|
| <b>PUBLIC SAFETY: (Continued)</b> |                     |                     |                                 |
| <b>FIRE:</b>                      |                     |                     |                                 |
| Fire Wages                        | \$ 907,470          | \$ 911,338          | \$ 816,123                      |
| Fire Inspector                    | -                   | -                   | 54,624                          |
| Longevity                         | 8,000               | 8,000               | 8,000                           |
| Sick Time Buy Back                | 93,629              | 51,486              | 3,975                           |
| Vacation Buy Back                 | 24,970              | -                   | -                               |
| Employee Benefits                 | 283,068             | 290,807             | 271,892                         |
| New Hire Pre-employment           | 2,000               | 1,805               | 1,672                           |
| Employee Testing                  | 300                 | 123                 | 135                             |
| Pension                           | 139,962             | 139,962             | 133,578                         |
| Materials/Supplies - Grant EMS    | -                   | 16,322              | -                               |
| Materials/Supplies                | 3,500               | 4,331               | 14,984                          |
| Turn Out Gear                     | 20,000              | 20,000              | 19,879                          |
| Employer Social Security          | 10,230              | 10,132              | 11,475                          |
| Employer Medicare                 | 18,259              | 16,844              | 15,861                          |
| Employer Unemployment             | 13,932              | 10,788              | 10,463                          |
| Overtime                          | 28,000              | 34,296              | 28,975                          |
| Per Diem Firefighters             | 165,000             | 157,410             | 177,702                         |
| Shift Differential                | 11,500              | 12,286              | 11,420                          |
| Uniforms                          | 14,400              | 16,511              | 16,133                          |
| Vehicle Repairs - Insurance       | -                   | 55,890              | -                               |
| Equipment Maintenance and Repair  | 6,000               | 5,706               | -                               |
| Vehicle Maintenance and Repair    | 25,000              | 25,997              | 35,092                          |
| Fire Shirts                       | 750                 | 731                 | 477                             |
| Capital Outlay (Tires)            | 1,500               | 1,500               | 3,585                           |
| Postage                           | 250                 | 197                 | -                               |
| Communication Expense             | 8,000               | 5,973               | 7,317                           |
| Printing                          | 600                 | 529                 | -                               |
| Association Dues                  | 700                 | 645                 | -                               |
| Software Subscription             | 14,500              | 14,243              | -                               |
| Fire Training                     | 20,000              | 19,838              | 23,512                          |
| Regional Initiatives              | -                   | -                   | 5,000                           |
| Equipment                         | 15,000              | 14,280              | 21,605                          |
| Equipment - ARPA                  | -                   | -                   | 5,340                           |
| Physicals                         | 9,000               | 9,209               | 6,364                           |
| Community Risk Reduction          | 6,000               | 6,000               | 8,746                           |
| Hydrant and Water Services        | 140,000             | 141,472             | 141,721                         |
| Firefighter Internship            | 10,000              | 1,735               | 1,852                           |
| Fire Department Attire            | -                   | 2,584               | -                               |
| Hazmat Supplies                   | 1,000               | 1,000               | 792                             |
| <b>TOTAL FIRE</b>                 | <b>\$ 2,002,520</b> | <b>\$ 2,009,970</b> | <b>\$ 1,858,294</b>             |
| <b>PLANNING/ZONING:</b>           |                     |                     |                                 |
| NOOP Enforcement                  | \$ 209,973          | \$ 133,540          | \$ 4,408                        |
| MC Regional Planning              | 10,500              | 10,042              | 10,042                          |
| Zoning Solicitor                  | 5,000               | 2,299               | -                               |
| Health Insurance                  | 94,209              | 45,569              | -                               |
| Materials and Supplies            | 4,500               | 6,369               | -                               |
| Employer Social Security          | 9,408               | 4,336               | -                               |
| Employer Medicare                 | 3,045               | 1,848               | -                               |
| Employer Unemployment             | 1,161               | 1,161               | -                               |
| Vehicle Maintenance               | 200                 | 42                  | -                               |
| Utilities                         | 4,000               | -                   | -                               |
| Communications                    | 1,053               | -                   | -                               |
| Postage                           | 700                 | 1,250               | -                               |
| Emergency Equipment               | -                   | -                   | 687                             |
| <b>TOTAL PLANNING/ZONING</b>      | <b>\$ 343,749</b>   | <b>\$ 206,456</b>   | <b>\$ 15,137</b>                |
| <b>EMERGENCY MANAGEMENT:</b>      |                     |                     |                                 |
| Sharon Emergency Management AG    | \$ 1,080            | \$ 1,080            | \$ 1,080                        |
| <b>TOTAL EMERGENCY MANAGEMENT</b> | <b>\$ 1,080</b>     | <b>\$ 1,080</b>     | <b>\$ 1,080</b>                 |
| <b>TOTAL PUBLIC SAFETY</b>        | <b>\$ 6,261,628</b> | <b>\$ 6,311,999</b> | <b>\$ 5,537,366</b>             |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                        | BUDGET            | ACTUAL            | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|----------------------------------------|-------------------|-------------------|---------------------------------|
| <b>HEALTH AND HUMAN SERVICES:</b>      |                   |                   |                                 |
| <b>HEALTH AND CODE:</b>                |                   |                   |                                 |
| Code/Zoning Officer                    | \$ 163,333        | \$ 133,192        | \$ 166,617                      |
| Director of Code Enforcement           | 76,033            | 84,861            | 77,407                          |
| Legal                                  | 2,500             | 5,611             | -                               |
| Sick Time Buy Back                     | 1,000             | 1,350             | 900                             |
| Health Officer                         | 17,000            | 17,000            | 17,000                          |
| New Hire Pre-employment                | 500               | 214               | 572                             |
| Employee Tesitng                       | 100               | 89                | -                               |
| Materials/Supplies                     | 7,500             | 4,400             | 8,561                           |
| Building Supplies                      | 1,000             | 975               | 17                              |
| Employer Social Security               | 15,191            | 12,881            | 14,410                          |
| Employer Medicare                      | 3,553             | 3,012             | 3,370                           |
| Employer Unemployment                  | 1,548             | 3,001             | 3,197                           |
| Employee Benefits                      | 76,216            | 91,221            | 96,139                          |
| Vehicle Maintenance                    | 1,000             | 910               | 564                             |
| Communications                         | 6,000             | 8,056             | 5,075                           |
| Training and Development               | 500               | -                 | 307                             |
| Code Plan Review                       | 100               | -                 | -                               |
| Rental Inspections - Supplies          | -                 | -                 | 10,733                          |
| <b>TOTAL HEALTH AND CODE</b>           | <b>\$ 373,074</b> | <b>\$ 366,773</b> | <b>\$ 404,869</b>               |
| <b>TOTAL HEALTH AND HUMAN SERVICES</b> | <b>\$ 373,074</b> | <b>\$ 366,773</b> | <b>\$ 404,869</b>               |
| <b>PUBLIC WORKS:</b>                   |                   |                   |                                 |
| <b>STREETS:</b>                        |                   |                   |                                 |
| Electronic Hazardous Waste             | \$ 20,000         | \$ 17,429         | \$ 6,356                        |
| Public Works Director                  | 67,465            | 68,784            | 66,193                          |
| Street Department Salaries             | 254,530           | 253,026           | 223,867                         |
| Part Time Wages                        | 55,000            | 2,258             | 17,681                          |
| Longevity                              | 3,200             | 3,200             | 3,100                           |
| Sick Time Buy Back                     | 888               | -                 | 1,000                           |
| Employee Benefits                      | 91,906            | 80,569            | 71,568                          |
| Employee Benefits - PW                 | 10,767            | 9,702             | 9,954                           |
| New Hire Pre-employment                | 1,500             | -                 | 627                             |
| Employee Testing                       | 1,200             | 458               | 471                             |
| Materials/Supplies                     | 18,000            | 17,803            | 20,046                          |
| Material/Supplies - Insurance          | -                 | 5,000             | -                               |
| Lawn Equipment                         | 7,500             | 17,438            | 967                             |
| Snow Equipment                         | 10,000            | -                 | 40                              |
| Employer Social Security               | 20,768            | 16,430            | 15,370                          |
| Employer Medicare                      | 4,857             | 3,843             | 3,595                           |
| Employer Unemployment                  | 3,870             | 2,322             | 2,730                           |
| Employer Social Security - Director    | 4,183             | 4,134             | 4,085                           |
| Employer Medicare - Director           | 978               | 968               | 955                             |
| Overtime                               | 20,000            | 27,961            | 14,516                          |
| Overtime - Meals                       | 600               | 560               | 260                             |
| Boot Allowance                         | 1,250             | 1,112             | 1,000                           |
| Shift Differential                     | 750               | 3                 | 2                               |
| Underground Line Markings              | -                 | 4,396             | -                               |
| Traffic Control Maintenance            | 21,200            | 20,638            | 20,160                          |
| Traffic Signal Repairs                 | -                 | 88,912            | -                               |
| Street Light Repairs                   | -                 | 513               | 12,758                          |
| <b>TOTAL STREETS</b>                   | <b>\$ 620,412</b> | <b>\$ 647,459</b> | <b>\$ 497,301</b>               |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                  | BUDGET              | ACTUAL              | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|----------------------------------|---------------------|---------------------|---------------------------------|
| <b>PUBLIC WORKS: (Continued)</b> |                     |                     |                                 |
| <b>VEHICLE MAINTENANCE:</b>      |                     |                     |                                 |
| Garage Wages                     | \$ 45,136           | \$ 40,881           | \$ 11,509                       |
| Employee Benefits                | 11,693              | 22,912              | -                               |
| Supplies and Laundry             | 10,000              | 8,251               | 14,232                          |
| Boot Allowance                   | 250                 | -                   | -                               |
| Employer Social Security         | 2,845               | 2,192               | 704                             |
| Employer Medicare                | 665                 | 532                 | 165                             |
| Employer Unemployment            | 387                 | 387                 | -                               |
| Overtime                         | 750                 | 2,431               | -                               |
| Overtime - Meals                 | 50                  | 30                  | -                               |
| New Vehicles - Outfit            | -                   | 11,670              | -                               |
| Vehicle Repair                   | 30,000              | 17,955              | 26,132                          |
| Garage Repair and Maintenance    | 5,600               | 9,790               | 1,392                           |
| Equipment Repair                 | 3,900               | 15,148              | 1,921                           |
| Gas/Oil/Grease                   | 110,000             | 101,736             | 93,742                          |
| Tires and Tubes                  | 3,000               | 5,450               | 1,092                           |
| Utilities                        | 6,500               | 6,364               | 6,268                           |
| Communication Expense            | 7,500               | 11,264              | 7,962                           |
| Training/Development             | -                   | 935                 | -                               |
| <b>TOTAL VEHICLE MAINTENANCE</b> | <b>\$ 238,276</b>   | <b>\$ 257,928</b>   | <b>\$ 165,119</b>               |
| <b>TRAFFIC/PARKING:</b>          |                     |                     |                                 |
| Electric/Lighting                | \$ 250,000          | \$ 255,823          | \$ 234,116                      |
| Electricity - Waterfire          | 500                 | 485                 | 296                             |
| <b>TOTAL TRAFFIC/PARKING</b>     | <b>\$ 250,500</b>   | <b>\$ 256,308</b>   | <b>\$ 234,412</b>               |
| <b>STORM SEWERS:</b>             |                     |                     |                                 |
| MS4 Storm Sewer                  | \$ 5,000            | \$ 21,760           | \$ 946                          |
| Storm Sewer Repair               | 20,000              | 3,881               | 5,005                           |
| <b>TOTAL STORM SEWERS</b>        | <b>\$ 25,000</b>    | <b>\$ 25,641</b>    | <b>\$ 5,951</b>                 |
| <b>TOTAL PUBLIC WORKS</b>        | <b>\$ 1,134,188</b> | <b>\$ 1,187,336</b> | <b>\$ 902,783</b>               |

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                     | BUDGET            | ACTUAL            | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|-------------------------------------|-------------------|-------------------|---------------------------------|
| <b>CULTURE AND RECREATION:</b>      |                   |                   |                                 |
| <b>PARKS AND RECREATION:</b>        |                   |                   |                                 |
| Mercer County COG                   | \$ 2,303          | \$ 2,303          | \$ 2,303                        |
| Materials/Supplies                  | 1,000             | 258               | 4,081                           |
| SV Animal Shelter                   | 37,310            | 27,982            | 37,310                          |
| Christmas Lights                    | 3,500             | -                 | -                               |
| Sharon Beautification Fund          | 7,500             | 7,500             | 7,500                           |
| Buhl Day                            | 500               | 500               | 500                             |
| Sharon Recreation                   | 3,000             | -                 | -                               |
| Community Activities                | 15,000            | 9,817             | 23,720                          |
| <b>TOTAL PARKS AND RECREATION</b>   | <b>\$ 70,113</b>  | <b>\$ 48,360</b>  | <b>\$ 75,414</b>                |
| <b>LIBRARY:</b>                     |                   |                   |                                 |
| Library Subsidy                     | \$ 57,000         | \$ 57,000         | \$ 57,000                       |
| Building Loan Payment - Principal   | 31,984            | -                 | 21,065                          |
| Building Loan Payment - Interest    | -                 | -                 | 10,920                          |
| Contracted Expense                  | 2,100             | 3,056             | 2,236                           |
| Building Maintenance/Repairs        | 11,166            | 15,442            | 21,586                          |
| <b>TOTAL LIBRARY</b>                | <b>\$ 102,250</b> | <b>\$ 75,498</b>  | <b>\$ 112,807</b>               |
| <b>TOTAL CULTURE AND RECREATION</b> | <b>\$ 172,363</b> | <b>\$ 123,858</b> | <b>\$ 188,221</b>               |
| <b>COMMUNITY DEVELOPMENT:</b>       |                   |                   |                                 |
| Economic Development Director       | \$ 80,000         | \$ 80,000         | \$ 80,000                       |
| Demolition                          | 200,000           | 176,076           | 144,730                         |
| Vacant Lot Maintenance              | 20,000            | 12,075            | 18,880                          |
| Comprehensive Planning and Zoning   | 15,000            | 8,980             | 36,680                          |
| Sick Time Buy Back                  | 600               | 400               | 850                             |
| Employee Benefits                   | 18,657            | 17,639            | 16,685                          |
| Supplies                            | 3,000             | 2,505             | 2,373                           |
| Downtown Development Supplies       | -                 | -                 | 372                             |
| Postage                             | -                 | 12                | -                               |
| Employer Social Security            | 6,074             | 5,963             | 5,546                           |
| Employer Medicare                   | 1,420             | 1,394             | 1,297                           |
| Employer Unemployment               | 774               | 774               | 662                             |
| Salary                              | 97,362            | 97,362            | 90,110                          |
| Contracted Expense                  | 1,500             | 1,069             | 1,146                           |
| Vehicle Maintenance                 | 100               | 24                | 24                              |
| Communication Expense               | 800               | 525               | 401                             |
| Training/Development                | 2,500             | 1,251             | 1,510                           |
| CDC Supplies and Entertainment      | -                 | -                 | 11,167                          |
| <b>TOTAL COMMUNITY DEVELOPMENT</b>  | <b>\$ 447,787</b> | <b>\$ 406,049</b> | <b>\$ 412,433</b>               |
| <b>DEBT SERVICE:</b>                |                   |                   |                                 |
| Salt Truck - Principal              | \$ 48,538         | \$ 58,758         | \$ -                            |
| Pumper Truck - Principal            | 39,041            | 22,720            | 20,861                          |
| PIB MM Phase 1 - Principal          | 28,760            | 28,760            | 28,127                          |
| PIB MM Phase 2 - Principal          | 34,969            | 34,969            | 34,074                          |
| Cruiser Lease - Principal           | 110,310           | 110,310           | 108,144                         |
| Salt Truck - Interest               | 14,300            | -                 | -                               |
| Annual Bond Fee                     | 3,000             | 3,600             | 3,000                           |
| Bank Fees                           | 1,600             | 1,924             | 2,017                           |
| Pumper Truck - Interest             | 5,328             | 5,328             | 6,557                           |
| PIB MM Phase 1 - Interest           | 3,384             | 3,384             | 4,017                           |
| PIB MM Phase 2 - Interest           | 5,880             | 5,880             | 6,775                           |
| Cruiser Lease - Interest            | 4,462             | 4,462             | 6,628                           |
| <b>TOTAL DEBT SERVICE</b>           | <b>\$ 299,572</b> | <b>\$ 280,095</b> | <b>\$ 220,200</b>               |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                                        | BUDGET               | ACTUAL               | (MEMORANDUM ONLY)<br>PRIOR YEAR |
|--------------------------------------------------------|----------------------|----------------------|---------------------------------|
| <b>INSURANCE/MISCELLANEOUS:</b>                        |                      |                      |                                 |
| Pension Administrative                                 | \$ 200               | \$ 160               | \$ 160                          |
| Retiree Health Insurance                               | 473,071              | 409,935              | 413,006                         |
| Retiree Life Insurance                                 | 8,987                | 8,406                | 9,567                           |
| Workers Compensation                                   | 325,000              | 313,276              | 289,148                         |
| Package Policy                                         | 170,000              | 170,552              | 147,400                         |
| Litigation/Arbitration                                 | 55,000               | 47,093               | 63,566                          |
| Norfolk Souther Crossing Maintenance                   | 1,700                | 1,654                | 1,654                           |
| Policy Deductible                                      | 10,000               | 7,000                | 1,000                           |
| <b>TOTAL INSURANCE/MISCELLANEOUS</b>                   | <b>\$ 1,043,958</b>  | <b>\$ 958,076</b>    | <b>\$ 925,501</b>               |
| <b>OTHER FINANCING USES:</b>                           |                      |                      |                                 |
| Refund of Prior Year Receipts                          | \$ 70,000            | \$ 94,813            | \$ 1,496                        |
| Transfer to Debt Service Fund                          | 299,000              | 1,499,000            | 294,633                         |
| Transfer to Capital Improvement Fund                   | -                    | -                    | 51,252                          |
| Transfer to Sick Pay BuyBack Fund                      | -                    | 55,000               | -                               |
| Transfer to Capital Reserve Fund                       | -                    | 26,228               | 1,400,046                       |
| <b>TOTAL OTHER FINANCING USES</b>                      | <b>\$ 369,000</b>    | <b>\$ 1,675,041</b>  | <b>\$ 1,747,427</b>             |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 11,323,230</b> | <b>\$ 12,461,858</b> | <b>\$ 11,408,657</b>            |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2025**

|                                           | HIGHWAY AID<br>FUND | EMERGENCY<br>DEMOLITION<br>FUND | K-9 FUND        | POLICE<br>EQUIPMENT<br>FUND | POLICE<br>EVIDENCE<br>FUND | SICK LEAVE<br>BUYBACK<br>FUND | FIRE<br>INSURANCE<br>ESCROW<br>FUND | ZONING<br>BOARD<br>FUND | BEAUTIFICATION<br>COMMISSION<br>FUND | CAPITAL<br>RESERVE<br>FUND | DEBT<br>SERVICE<br>FUND | TOTAL               |
|-------------------------------------------|---------------------|---------------------------------|-----------------|-----------------------------|----------------------------|-------------------------------|-------------------------------------|-------------------------|--------------------------------------|----------------------------|-------------------------|---------------------|
| <b>ASSETS:</b>                            |                     |                                 |                 |                             |                            |                               |                                     |                         |                                      |                            |                         |                     |
| Cash and Cash Equivalents                 | \$ 306,136          | \$ 100,295                      | \$ 3,039        | \$ 38,968                   | \$ 145,308                 | \$ 138,128                    | \$ 22,824                           | \$ 2,389                | \$ 19,798                            | \$ 5,294                   | \$ 15                   | \$ 782,194          |
| Due from Other Governmental Units         | 91,511              | -                               | -               | -                           | -                          | -                             | -                                   | -                       | -                                    | -                          | -                       | 91,511              |
| Due from Other Funds                      | -                   | -                               | -               | -                           | -                          | 105,000                       | -                                   | -                       | -                                    | 1,238,252                  | 1,200,000               | 2,543,252           |
| <b>TOTAL ASSETS</b>                       | <b>\$ 397,647</b>   | <b>\$ 100,295</b>               | <b>\$ 3,039</b> | <b>\$ 38,968</b>            | <b>\$ 145,308</b>          | <b>\$ 243,128</b>             | <b>\$ 22,824</b>                    | <b>\$ 2,389</b>         | <b>\$ 19,798</b>                     | <b>\$ 1,243,546</b>        | <b>\$ 1,200,015</b>     | <b>\$ 3,416,957</b> |
| <b>LIABILITIES AND FUND BALANCE:</b>      |                     |                                 |                 |                             |                            |                               |                                     |                         |                                      |                            |                         |                     |
| <b>LIABILITIES:</b>                       |                     |                                 |                 |                             |                            |                               |                                     |                         |                                      |                            |                         |                     |
| Accounts Payable                          | \$ 186,062          | \$ 14,310                       | \$ -            | \$ -                        | \$ -                       | \$ -                          | \$ -                                | \$ -                    | \$ -                                 | \$ 43,971                  | \$ -                    | \$ 244,343          |
| Other Current Liabilities                 | -                   | -                               | -               | -                           | 145,308                    | -                             | 22,824                              | -                       | -                                    | -                          | -                       | 168,132             |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 186,062</b>   | <b>\$ 14,310</b>                | <b>\$ -</b>     | <b>\$ -</b>                 | <b>\$ 145,308</b>          | <b>\$ -</b>                   | <b>\$ 22,824</b>                    | <b>\$ -</b>             | <b>\$ -</b>                          | <b>\$ 43,971</b>           | <b>\$ -</b>             | <b>\$ 412,475</b>   |
| <b>FUND BALANCE:</b>                      |                     |                                 |                 |                             |                            |                               |                                     |                         |                                      |                            |                         |                     |
| Assigned                                  | \$ -                | \$ -                            | \$ -            | \$ -                        | \$ -                       | \$ 243,128                    | \$ -                                | \$ -                    | \$ -                                 | \$ 1,199,575               | \$ -                    | \$ 1,442,703        |
| Restricted                                | 211,585             | 85,985                          | 3,039           | 38,968                      | -                          | -                             | -                                   | 2,389                   | 19,798                               | -                          | 1,200,015               | 1,561,779           |
| <b>TOTAL FUND BALANCE (DEFICIT)</b>       | <b>\$ 211,585</b>   | <b>\$ 85,985</b>                | <b>\$ 3,039</b> | <b>\$ 38,968</b>            | <b>\$ -</b>                | <b>\$ 243,128</b>             | <b>\$ -</b>                         | <b>\$ 2,389</b>         | <b>\$ 19,798</b>                     | <b>\$ 1,199,575</b>        | <b>\$ 1,200,015</b>     | <b>\$ 3,004,482</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 397,647</b>   | <b>\$ 100,295</b>               | <b>\$ 3,039</b> | <b>\$ 38,968</b>            | <b>\$ 145,308</b>          | <b>\$ 243,128</b>             | <b>\$ 22,824</b>                    | <b>\$ 2,389</b>         | <b>\$ 19,798</b>                     | <b>\$ 1,243,546</b>        | <b>\$ 1,200,015</b>     | <b>\$ 3,416,957</b> |

The accompanying notes are an integral part of these financial statements

**CITY OF SHARON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

|                                                        | HIGHWAY AID<br>FUND | DRUG<br>FORFEITURE<br>FUND | EMERGENCY<br>DEMOLITION<br>FUND | K-9 FUND        | POLICE<br>EQUIPMENT<br>FUND | SICK LEAVE<br>BUYBACK<br>FUND | ZONING<br>BOARD<br>FUND | BEAUTIFICATION<br>COMMISSION<br>FUND | CAPITAL<br>RESERVE<br>FUND | DEBT<br>SERVICE FUND | TOTAL               |
|--------------------------------------------------------|---------------------|----------------------------|---------------------------------|-----------------|-----------------------------|-------------------------------|-------------------------|--------------------------------------|----------------------------|----------------------|---------------------|
| <b>REVENUES:</b>                                       |                     |                            |                                 |                 |                             |                               |                         |                                      |                            |                      |                     |
| Intergovernmental                                      | \$ 956,653          | \$ -                       | \$ -                            | \$ -            | \$ -                        | \$ -                          | \$ -                    | \$ -                                 | \$ -                       | \$ -                 | \$ 956,653          |
| Donations                                              | -                   | -                          | -                               | 933             | 9,216                       | -                             | -                       | 33,195                               | -                          | -                    | 43,344              |
| Interest                                               | 19,607              | -                          | 443                             | -               | -                           | 5,959                         | -                       | -                                    | 800                        | -                    | 26,809              |
| Charges for Services                                   | -                   | -                          | -                               | -               | -                           | -                             | 1,733                   | -                                    | -                          | -                    | 1,733               |
| Demolition Payments                                    | -                   | -                          | 11,902                          | -               | -                           | -                             | -                       | -                                    | -                          | -                    | 11,902              |
| <b>TOTAL REVENUES</b>                                  | <b>\$ 976,260</b>   | <b>\$ -</b>                | <b>\$ 12,345</b>                | <b>\$ 933</b>   | <b>\$ 9,216</b>             | <b>\$ 5,959</b>               | <b>\$ 1,733</b>         | <b>\$ 33,195</b>                     | <b>\$ 800</b>              | <b>\$ -</b>          | <b>\$ 1,040,441</b> |
| <b>OTHER FINANCING SOURCES:</b>                        |                     |                            |                                 |                 |                             |                               |                         |                                      |                            |                      |                     |
| Interfund Transfers                                    | \$ -                | \$ -                       | \$ -                            | \$ -            | \$ -                        | \$ 55,000                     | \$ -                    | \$ -                                 | \$ 26,228                  | \$ 1,499,000         | \$ 1,580,228        |
| <b>TOTAL OTHER FINANCING SOURCES</b>                   | <b>\$ -</b>         | <b>\$ -</b>                | <b>\$ -</b>                     | <b>\$ -</b>     | <b>\$ -</b>                 | <b>\$ 55,000</b>              | <b>\$ -</b>             | <b>\$ -</b>                          | <b>\$ 26,228</b>           | <b>\$ 1,499,000</b>  | <b>\$ 1,580,228</b> |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b>  | <b>\$ 976,260</b>   | <b>\$ -</b>                | <b>\$ 12,345</b>                | <b>\$ 933</b>   | <b>\$ 9,216</b>             | <b>\$ 60,959</b>              | <b>\$ 1,733</b>         | <b>\$ 33,195</b>                     | <b>\$ 27,028</b>           | <b>\$ 1,499,000</b>  | <b>\$ 2,620,669</b> |
| <b>EXPENDITURES:</b>                                   |                     |                            |                                 |                 |                             |                               |                         |                                      |                            |                      |                     |
| General Government                                     | \$ -                | \$ -                       | \$ -                            | \$ -            | \$ -                        | \$ -                          | \$ 5,014                | \$ -                                 | \$ 105,305                 | \$ -                 | \$ 110,319          |
| Public Safety                                          | -                   | 6,482                      | -                               | 1,294           | 886                         | -                             | -                       | -                                    | -                          | -                    | 8,662               |
| Public Works                                           | 905,985             | -                          | -                               | -               | -                           | -                             | -                       | -                                    | 48,385                     | -                    | 954,370             |
| Community Development                                  | -                   | -                          | 69,950                          | -               | -                           | -                             | -                       | 28,330                               | -                          | -                    | 98,280              |
| Debt Service                                           | -                   | -                          | -                               | -               | -                           | -                             | -                       | -                                    | -                          | 299,000              | 299,000             |
| <b>TOTAL EXPENDITURES</b>                              | <b>\$ 905,985</b>   | <b>\$ 6,482</b>            | <b>\$ 69,950</b>                | <b>\$ 1,294</b> | <b>\$ 886</b>               | <b>\$ -</b>                   | <b>\$ 5,014</b>         | <b>\$ 28,330</b>                     | <b>\$ 153,690</b>          | <b>\$ 299,000</b>    | <b>\$ 1,470,631</b> |
| <b>OTHER FINANCING USES:</b>                           |                     |                            |                                 |                 |                             |                               |                         |                                      |                            |                      |                     |
| Interfund Transfers                                    | \$ 200,000          | \$ -                       | \$ -                            | \$ -            | \$ -                        | \$ 54,091                     | \$ -                    | \$ -                                 | \$ -                       | \$ -                 | \$ 254,091          |
| <b>TOTAL OTHER FINANCING USES</b>                      | <b>\$ 200,000</b>   | <b>\$ -</b>                | <b>\$ -</b>                     | <b>\$ -</b>     | <b>\$ -</b>                 | <b>\$ 54,091</b>              | <b>\$ -</b>             | <b>\$ -</b>                          | <b>\$ -</b>                | <b>\$ -</b>          | <b>\$ 254,091</b>   |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 1,105,985</b> | <b>\$ 6,482</b>            | <b>\$ 69,950</b>                | <b>\$ 1,294</b> | <b>\$ 886</b>               | <b>\$ 54,091</b>              | <b>\$ 5,014</b>         | <b>\$ 28,330</b>                     | <b>\$ 153,690</b>          | <b>\$ 299,000</b>    | <b>\$ 1,724,722</b> |
| <b>EXCESS REVENUES OVER<br/>(UNDER) EXPENDITURES</b>   | <b>\$ (129,725)</b> | <b>\$ (6,482)</b>          | <b>\$ (57,605)</b>              | <b>\$ (361)</b> | <b>\$ 8,330</b>             | <b>\$ 6,868</b>               | <b>\$ (3,281)</b>       | <b>\$ 4,865</b>                      | <b>\$ (126,662)</b>        | <b>\$ 1,200,000</b>  | <b>\$ 895,947</b>   |
| FUND BALANCE - January 1, 2025                         | 341,310             | 6,482                      | 143,590                         | 3,400           | 30,638                      | 236,260                       | -                       | -                                    | 1,326,237                  | 15                   | 2,087,932           |
| Prior Period Adjustment                                | -                   | -                          | -                               | -               | -                           | -                             | 5,670                   | 14,933                               | -                          | -                    | 20,603              |
| <b>FUND BALANCE - December 31, 2025</b>                | <b>\$ 211,585</b>   | <b>\$ -</b>                | <b>\$ 85,985</b>                | <b>\$ 3,039</b> | <b>\$ 38,968</b>            | <b>\$ 243,128</b>             | <b>\$ 2,389</b>         | <b>\$ 19,798</b>                     | <b>\$ 1,199,575</b>        | <b>\$ 1,200,015</b>  | <b>\$ 3,004,482</b> |

The accompanying notes are an integral part of these financial statements

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF SHARON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31,**

|                                                                        | <b>2024</b>          | <b>2023</b>          | <b>2022</b>          | <b>2021</b>          | <b>2020</b>          | <b>2019</b>          | <b>2018</b>          | <b>2017</b>          | <b>2016</b>          | <b>2015</b>          |
|------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability-beginning</b>                               | \$ 18,204,077        | \$ 18,024,253        | \$ 17,021,952        | \$ 16,712,112        | \$ 15,683,103        | \$ 15,294,767        | \$ 14,473,764        | \$ 14,032,754        | \$ 13,220,965        | \$ 12,845,796        |
| Service Cost                                                           | 240,743              | 243,973              | 261,886              | 266,269              | 317,194              | 315,839              | 289,051              | 292,989              | 226,396              | 232,152              |
| Interest                                                               | 1,155,093            | 1,144,868            | 1,081,826            | 1,067,543            | 1,044,781            | 1,019,106            | 965,169              | 938,101              | 945,052              | 917,727              |
| Changes in benefit terms                                               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Changes in assumptions                                                 | 196,931              | -                    | 87,681               | -                    | 615,515              | -                    | 400,949              | -                    | 416,661              | -                    |
| Differences between expected & actual experience                       | 611,551              | -                    | 753,108              | -                    | 15,312               | -                    | 22,486               | -                    | (15,402)             | -                    |
| Benefit payments                                                       | (1,244,601)          | (1,209,017)          | (1,182,200)          | (1,023,972)          | (963,793)            | (946,609)            | (856,652)            | (790,080)            | (760,918)            | (774,710)            |
| Net change in total pension liability                                  | \$ 959,717           | \$ 179,824           | \$ 1,002,301         | \$ 309,840           | \$ 1,029,009         | \$ 388,336           | \$ 821,003           | \$ 441,010           | \$ 811,789           | \$ 375,169           |
| <b>Total pension liability-ending</b>                                  | <b>\$ 19,163,794</b> | <b>\$ 18,204,077</b> | <b>\$ 18,024,253</b> | <b>\$ 17,021,952</b> | <b>\$ 16,712,112</b> | <b>\$ 15,683,103</b> | <b>\$ 15,294,767</b> | <b>\$ 14,473,764</b> | <b>\$ 14,032,754</b> | <b>\$ 13,220,965</b> |
| <br>Plan fiduciary net position-beginning                              | <br>\$ 16,156,789    | <br>\$ 14,326,565    | <br>\$ 17,580,127    | <br>\$ 15,048,790    | <br>\$ 13,592,475    | <br>\$ 11,315,504    | <br>\$ 11,941,312    | <br>\$ 10,636,671    | <br>\$ 9,865,851     | <br>\$ 9,876,461     |
| Contributions-employer                                                 | 668,156              | 630,163              | 659,907              | 712,790              | 750,323              | 669,844              | 679,947              | 698,224              | 687,357              | 709,590              |
| Contributions-member                                                   | 91,659               | 86,044               | 80,038               | 84,464               | 82,979               | 81,443               | 85,791               | 81,988               | 84,261               | 73,758               |
| Net investment income                                                  | 2,412,323            | 2,335,854            | (2,798,143)          | 2,771,851            | 1,600,032            | 2,484,758            | (520,377)            | 1,325,110            | 784,343              | (2,811)              |
| Benefit payments                                                       | (1,244,601)          | (1,209,017)          | (1,182,200)          | (1,023,972)          | (963,793)            | (946,609)            | (856,652)            | (790,080)            | (760,918)            | (774,710)            |
| Administrative expense                                                 | (11,455)             | (12,820)             | (13,164)             | (13,796)             | (13,226)             | (12,465)             | (14,517)             | (10,601)             | (24,223)             | (16,437)             |
| Other                                                                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Change in plan fiduciary net position                                  | \$ 1,916,082         | \$ 1,830,224         | \$ (3,253,562)       | \$ 2,531,337         | \$ 1,456,315         | \$ 2,276,971         | \$ (625,808)         | \$ 1,304,641         | \$ 770,820           | \$ (10,610)          |
| <b>Plan fiduciary net position-ending</b>                              | <b>\$ 18,072,871</b> | <b>\$ 16,156,789</b> | <b>\$ 14,326,565</b> | <b>\$ 17,580,127</b> | <b>\$ 15,048,790</b> | <b>\$ 13,592,475</b> | <b>\$ 11,315,504</b> | <b>\$ 11,941,312</b> | <b>\$ 10,636,671</b> | <b>\$ 9,865,851</b>  |
| <br>Net pension liability (asset)-beginning                            | <br>\$ 2,047,288     | <br>\$ 3,697,688     | <br>\$ (558,175)     | <br>\$ 1,663,322     | <br>\$ 2,090,628     | <br>\$ 3,979,263     | <br>\$ 2,532,452     | <br>\$ 3,396,083     | <br>\$ 3,355,114     | <br>\$ 2,969,335     |
| <br>Net pension liability (asset)-ending                               | <br>\$ 1,090,923     | <br>\$ 2,047,288     | <br>\$ 3,697,688     | <br>\$ (558,175)     | <br>\$ 1,663,322     | <br>\$ 2,090,628     | <br>\$ 3,979,263     | <br>\$ 2,532,452     | <br>\$ 3,396,083     | <br>\$ 3,355,114     |
| <br><b>RATIOS:</b>                                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Plan fiduciary net position as a percentage of total pension liability | 94.31%               | 88.75%               | 79.48%               | 103.28%              | 90.05%               | 86.67%               | 73.98%               | 82.50%               | 75.80%               | 74.62%               |
| <br>Covered-employee payroll                                           | <br>\$ 2,129,862     | <br>\$ 1,952,831     | <br>\$ 1,742,464     | <br>\$ 1,794,754     | <br>\$ 1,927,048     | <br>\$ 1,820,029     | <br>\$ 1,763,856     | <br>\$ 1,810,525     | <br>\$ 1,924,063     | <br>\$ 1,840,802     |
| <br>Net pension liability as a percentage of covered-employee payroll  | <br>51.22%           | <br>104.84%          | <br>212.21%          | <br>-31.10%          | <br>86.31%           | <br>114.87%          | <br>225.60%          | <br>139.87%          | <br>176.51%          | <br>182.26%          |

**CITY OF SHARON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREMEN'S PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31,**

|                                                                        | <u>2024</u>             | <u>2023</u>             | <u>2022</u>               | <u>2021</u>               | <u>2020</u>           | <u>2019</u>             | <u>2018</u>             | <u>2017</u>             | <u>2016</u>             | <u>2015</u>             |
|------------------------------------------------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Total pension liability-beginning</b>                               | \$ 10,507,014           | \$ 10,445,146           | \$ 10,242,296             | \$ 10,053,948             | \$ 9,742,742          | \$ 9,541,807            | \$ 9,271,908            | \$ 9,092,979            | \$ 8,778,079            | \$ 8,632,939            |
| Service Cost                                                           | 123,610                 | 110,062                 | 111,232                   | 129,656                   | 113,329               | 133,990                 | 100,447                 | 125,644                 | 85,998                  | 111,333                 |
| Interest                                                               | 666,219                 | 661,115                 | 648,812                   | 641,417                   | 643,755               | 632,440                 | 611,969                 | 602,188                 | 620,490                 | 611,282                 |
| Changes in benefit terms                                               | -                       | -                       | -                         | -                         | -                     | -                       | -                       | -                       | -                       | -                       |
| Changes in assumptions                                                 | 189,647                 | -                       | (34,074)                  | -                         | 81,566                | -                       | 65,812                  | -                       | 370,474                 | -                       |
| Differences between expected & actual experience                       | (222,340)               | -                       | 163,276                   | -                         | 61,414                | -                       | 56,866                  | -                       | (197,889)               | -                       |
| Benefit payments                                                       | (703,581)               | (709,309)               | (686,396)                 | (582,725)                 | (588,858)             | (565,495)               | (565,195)               | (548,903)               | (564,173)               | (577,475)               |
| Net change in total pension liability                                  | <u>\$ 53,555</u>        | <u>\$ 61,868</u>        | <u>\$ 202,850</u>         | <u>\$ 188,348</u>         | <u>\$ 311,206</u>     | <u>\$ 200,935</u>       | <u>\$ 269,899</u>       | <u>\$ 178,929</u>       | <u>\$ 314,900</u>       | <u>\$ 145,140</u>       |
| <b>Total pension liability-ending</b>                                  | <u>\$ 10,560,569</u>    | <u>\$ 10,507,014</u>    | <u>\$ 10,445,146</u>      | <u>\$ 10,242,296</u>      | <u>\$ 10,053,948</u>  | <u>\$ 9,742,742</u>     | <u>\$ 9,541,807</u>     | <u>\$ 9,271,908</u>     | <u>\$ 9,092,979</u>     | <u>\$ 8,778,079</u>     |
| <br><b>Plan fiduciary net position-beginning</b>                       | <br>\$ 10,458,383       | <br>\$ 9,338,580        | <br>\$ 11,585,815         | <br>\$ 9,972,381          | <br>\$ 9,089,543      | <br>\$ 7,524,387        | <br>\$ 8,008,104        | <br>\$ 7,227,582        | <br>\$ 6,824,889        | <br>\$ 6,938,826        |
| Contributions-employer                                                 | 133,578                 | 263,140                 | 288,672                   | 327,837                   | 380,110               | 419,553                 | 425,187                 | 410,690                 | 406,438                 | 462,038                 |
| Contributions-member                                                   | 45,790                  | 46,208                  | 37,913                    | 39,210                    | 38,232                | 37,040                  | 37,339                  | 36,698                  | 34,716                  | 31,832                  |
| Net investment income                                                  | 1,556,931               | 1,512,864               | (1,894,524)               | 1,822,012                 | 1,065,754             | 1,685,366               | (369,847)               | 889,898                 | 537,417                 | (21,320)                |
| Benefit payments                                                       | (703,581)               | (709,309)               | (686,396)                 | (582,725)                 | (588,858)             | (565,495)               | (565,195)               | (548,903)               | (564,173)               | (577,475)               |
| Administrative expense                                                 | (11,455)                | 6,900                   | 7,100                     | 7,100                     | (12,400)              | (11,308)                | (11,201)                | (7,861)                 | (11,705)                | (9,012)                 |
| Other                                                                  | -                       | -                       | -                         | -                         | -                     | -                       | -                       | -                       | -                       | -                       |
| Change in plan fiduciary net position                                  | <u>\$ 1,021,263</u>     | <u>\$ 1,119,803</u>     | <u>\$ (2,247,235)</u>     | <u>\$ 1,613,434</u>       | <u>\$ 882,838</u>     | <u>\$ 1,565,156</u>     | <u>\$ (483,717)</u>     | <u>\$ 780,522</u>       | <u>\$ 402,693</u>       | <u>\$ (113,937)</u>     |
| <b>Plan fiduciary net position-ending</b>                              | <u>\$ 11,479,646</u>    | <u>\$ 10,458,383</u>    | <u>\$ 9,338,580</u>       | <u>\$ 11,585,815</u>      | <u>\$ 9,972,381</u>   | <u>\$ 9,089,543</u>     | <u>\$ 7,524,387</u>     | <u>\$ 8,008,104</u>     | <u>\$ 7,227,582</u>     | <u>\$ 6,824,889</u>     |
| <br><b>Net pension liability (asset)-beginning</b>                     | <br><u>\$ 48,631</u>    | <br><u>\$ 1,106,566</u> | <br><u>\$ (1,343,519)</u> | <br><u>\$ 81,567</u>      | <br><u>\$ 653,199</u> | <br><u>\$ 2,017,420</u> | <br><u>\$ 1,263,804</u> | <br><u>\$ 1,865,397</u> | <br><u>\$ 1,953,190</u> | <br><u>\$ 1,694,113</u> |
| <br><b>Net pension liability (asset)-ending</b>                        | <br><u>\$ (919,077)</u> | <br><u>\$ 48,631</u>    | <br><u>\$ 1,106,566</u>   | <br><u>\$ (1,343,519)</u> | <br><u>\$ 81,567</u>  | <br><u>\$ 653,199</u>   | <br><u>\$ 2,017,420</u> | <br><u>\$ 1,263,804</u> | <br><u>\$ 1,865,397</u> | <br><u>\$ 1,953,190</u> |
| <br><b>RATIOS:</b>                                                     |                         |                         |                           |                           |                       |                         |                         |                         |                         |                         |
| Plan fiduciary net position as a percentage of total pension liability | 108.70%                 | 99.54%                  | 89.41%                    | 113.12%                   | 99.19%                | 93.30%                  | 78.86%                  | 86.37%                  | 79.49%                  | 77.75%                  |
| <br>Covered-employee payroll                                           | <br>\$ 976,991          | <br>\$ 939,768          | <br>\$ 754,177            | <br>\$ 773,832            | <br>\$ 762,250        | <br>\$ 745,908          | <br>\$ 745,908          | <br>\$ 772,433          | <br>\$ 689,034          | <br>\$ 800,000          |
| <br>Net pension liability as a percentage of covered-employee payroll  | <br>-94.07%             | <br>5.17%               | <br>146.72%               | <br>-173.62%              | <br>10.70%            | <br>87.57%              | <br>270.46%             | <br>163.61%             | <br>270.73%             | <br>244.15%             |

**CITY OF SHARON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**NON-UNIFORM PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31,**

|                                                                        | <b>2024</b>          | <b>2023</b>          | <b>2022</b>          | <b>2021</b>          | <b>2020</b>          | <b>2019</b>          | <b>2018</b>         | <b>2017</b>          | <b>2016</b>         | <b>2015</b>         |
|------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|
| <b>Total pension liability-beginning</b>                               | \$ 7,367,794         | \$ 7,348,005         | \$ 7,901,278         | \$ 7,937,250         | \$ 7,764,619         | \$ 7,736,099         | \$ 7,625,085        | \$ 7,589,382         | \$ 7,284,542        | \$ 7,491,838        |
| Service Cost                                                           | 158,854              | 155,513              | 119,733              | 132,788              | 129,885              | 126,521              | 112,981             | 112,864              | 115,508             | 128,107             |
| Interest                                                               | 373,622              | 380,556              | 403,214              | 408,712              | 401,506              | 399,885              | 393,880             | 392,205              | 395,244             | 406,990             |
| Changes in benefit terms                                               | -                    | -                    | -                    | -                    | -                    | -                    | -                   | -                    | -                   | -                   |
| Changes in assumptions                                                 | (169,169)            | -                    | -                    | -                    | 285,615              | -                    | -                   | -                    | 189,929             | -                   |
| Differences between expected & actual experience                       | (217,753)            | -                    | (385,916)            | -                    | (144,437)            | -                    | 81,439              | -                    | 37,534              | (252,234)           |
| Benefit payments                                                       | (830,718)            | (516,280)            | (690,304)            | (577,472)            | (499,938)            | (497,886)            | (477,286)           | (469,366)            | (433,375)           | (446,208)           |
| Net change in total pension liability                                  | \$ (685,164)         | \$ 19,789            | \$ (553,273)         | \$ (35,972)          | \$ 172,631           | \$ 28,520            | \$ 111,014          | \$ 35,703            | \$ 304,840          | \$ (163,345)        |
| <b>Total pension liability-ending</b>                                  | <b>\$ 6,682,630</b>  | <b>\$ 7,367,794</b>  | <b>\$ 7,348,005</b>  | <b>\$ 7,901,278</b>  | <b>\$ 7,937,250</b>  | <b>\$ 7,764,619</b>  | <b>\$ 7,736,099</b> | <b>\$ 7,625,085</b>  | <b>\$ 7,589,382</b> | <b>\$ 7,328,493</b> |
| <br><b>Plan fiduciary net position-beginning</b>                       | <br>\$ 11,657,887    | <br>\$ 11,004,698    | <br>\$ 13,381,157    | <br>\$ 12,433,124    | <br>\$ 11,450,388    | <br>\$ 9,880,890     | <br>\$ 10,754,763   | <br>\$ 9,594,696     | <br>\$ 8,959,915    | <br>\$ 9,119,693    |
| Contributions-employer                                                 | -                    | -                    | -                    | -                    | -                    | -                    | 1                   | -                    | 140,460             | 197,557             |
| Contributions - PMRS assessment                                        | 180                  | 60                   | 160                  | 40                   | -                    | 80                   | 40                  | 20                   | 60                  | -                   |
| Contributions-member                                                   | 39,172               | 38,347               | 29,540               | 32,761               | 31,279               | 30,469               | 26,855              | 26,828               | 29,465              | 30,303              |
| Net investment income                                                  | 960,717              | 1,164,217            | (1,684,615)          | 1,526,079            | 1,476,915            | 2,057,245            | (398,621)           | 1,627,463            | 924,951             | 367,814             |
| Benefit payments                                                       | (830,718)            | (516,280)            | (690,304)            | (577,472)            | (499,938)            | (497,886)            | (477,286)           | (469,366)            | (433,375)           | (446,208)           |
| Administrative expense                                                 | (31,973)             | (33,155)             | (31,240)             | (33,375)             | (25,520)             | (20,410)             | (24,862)            | (24,878)             | (26,780)            | (20,454)            |
| Other                                                                  | -                    | -                    | -                    | -                    | -                    | -                    | -                   | -                    | -                   | -                   |
| Change in plan fiduciary net position                                  | \$ 137,378           | \$ 653,189           | \$ (2,376,459)       | \$ 948,033           | \$ 982,736           | \$ 1,569,498         | \$ (873,873)        | \$ 1,160,067         | \$ 634,781          | \$ 129,012          |
| <b>Plan fiduciary net position-ending</b>                              | <b>\$ 11,795,265</b> | <b>\$ 11,657,887</b> | <b>\$ 11,004,698</b> | <b>\$ 13,381,157</b> | <b>\$ 12,433,124</b> | <b>\$ 11,450,388</b> | <b>\$ 9,880,890</b> | <b>\$ 10,754,763</b> | <b>\$ 9,594,696</b> | <b>\$ 9,248,705</b> |
| <br><b>Net pension liability (asset)-beginning</b>                     | <br>\$ (4,290,093)   | <br>\$ (3,656,693)   | <br>\$ (5,479,879)   | <br>\$ (4,495,874)   | <br>\$ (3,685,769)   | <br>\$ (2,144,791)   | <br>\$ (3,129,678)  | <br>\$ (2,005,314)   | <br>\$ (1,675,373)  | <br>\$ (1,627,855)  |
| <br><b>Net pension liability (asset)-ending</b>                        | <br>\$ (5,112,635)   | <br>\$ (4,290,093)   | <br>\$ (3,656,693)   | <br>\$ (5,479,879)   | <br>\$ (4,495,874)   | <br>\$ (3,685,769)   | <br>\$ (2,144,791)  | <br>\$ (3,129,678)   | <br>\$ (2,005,314)  | <br>\$ (1,920,212)  |
| <br><b>RATIOS:</b>                                                     |                      |                      |                      |                      |                      |                      |                     |                      |                     |                     |
| Plan fiduciary net position as a percentage of total pension liability | 176.51%              | 158.23%              | 149.76%              | 169.35%              | 156.64%              | 147.47%              | 127.72%             | 141.04%              | 126.42%             | 126.20%             |
| <br>Covered-employee payroll                                           | <br>\$ 979,286       | <br>\$ 958,688       | <br>\$ 738,505       | <br>\$ 819,030       | <br>\$ 781,982       | <br>\$ 761,724       | <br>\$ 671,395      | <br>\$ 670,699       | <br>\$ 736,643      | <br>\$ 753,089      |
| <br>Net pension liability as a percentage of covered-employee payroll  | <br>-522.08%         | <br>-447.50%         | <br>-495.15%         | <br>-669.07%         | <br>-574.93%         | <br>-483.87%         | <br>-319.45%        | <br>-466.63%         | <br>-272.22%        | <br>-254.98%        |

**CITY OF SHARON**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS - POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31,**

|                                                                | <u>2025</u>    | <u>2024</u>    | <u>2023</u>    | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution                            | \$ 687,520     | \$ 668,156     | \$ 630,162     | \$ 659,907     | \$ 712,790     | \$ 750,323     | \$ 669,844     | \$ 679,947     | \$ 698,224     | \$ 687,357     |
| Contributions                                                  | <u>687,520</u> | <u>668,156</u> | <u>630,162</u> | <u>659,907</u> | <u>712,790</u> | <u>750,323</u> | <u>669,844</u> | <u>679,947</u> | <u>698,224</u> | <u>687,357</u> |
| Contribution deficiency (excess)                               | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| <b>RATIOS:</b>                                                 |                |                |                |                |                |                |                |                |                |                |
| Covered-employee payroll                                       | \$ 2,401,466   | \$ 2,129,862   | \$ 1,952,831   | \$ 1,742,464   | \$ 1,794,754   | \$ 1,927,048   | \$ 1,763,856   | \$ 1,810,525   | \$ 1,924,063   | \$ 1,840,802   |
| Contributions as a percentage of covered-employee payroll      | 28.63%         | 31.37%         | 32.27%         | 37.87%         | 39.72%         | 38.94%         | 37.98%         | 37.56%         | 36.29%         | 37.34%         |
| Annual money-weighted rate of return net of investment expense | 12.00%         | 15.40%         | 16.60%         | -16.20%        | 18.60%         | 11.80%         | 24.00%         | -4.40%         | 12.40%         | 8.00%          |

**CITY OF SHARON**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS - FIREMEN'S PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31,**

|                                                                | <u>2025</u>    | <u>2024</u>    | <u>2023</u>    | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution                            | \$ 139,962     | \$ 133,578     | \$ 263,140     | \$ 288,672     | \$ 327,837     | \$ 380,110     | \$ 419,553     | \$ 425,187     | \$ 410,690     | \$ 406,438     |
| Contributions                                                  | <u>139,962</u> | <u>133,578</u> | <u>263,140</u> | <u>288,672</u> | <u>327,837</u> | <u>380,110</u> | <u>419,553</u> | <u>425,187</u> | <u>410,690</u> | <u>406,438</u> |
| Contribution deficiency (excess)                               | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| <b>RATIOS:</b>                                                 |                |                |                |                |                |                |                |                |                |                |
| Covered-employee payroll                                       | \$ 975,029     | \$ 976,991     | \$ 939,768     | \$ 754,177     | \$ 773,832     | \$ 762,250     | \$ 745,908     | \$ 772,433     | \$ 730,056     | \$ 689,034     |
| Contributions as a percentage of covered-employee payroll      | 14.35%         | 13.67%         | 28.00%         | 38.28%         | 42.37%         | 49.87%         | 56.25%         | 55.05%         | 56.25%         | 58.99%         |
| Annual money-weighted rate of return net of investment expense | 12.10%         | 15.40%         | 16.70%         | -16.60%        | 18.40%         | 11.80%         | 22.60%         | -4.70%         | 12.40%         | 8.00%          |

**CITY OF SHARON**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS - NON-UNIFORM PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31,**

|                                                                | <u>2024</u>     | <u>2023</u>    | <u>2022</u>     | <u>2021</u>    | <u>2020</u> | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    |
|----------------------------------------------------------------|-----------------|----------------|-----------------|----------------|-------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution                            | \$ -            | \$ -           | \$ -            | \$ -           | \$ -        | \$ -           | \$ -           | \$ -           | \$ 140,460     | \$ 164,469     |
| Contributions                                                  | <u>180</u>      | <u>60</u>      | <u>160</u>      | <u>40</u>      | <u>-</u>    | <u>80</u>      | <u>41</u>      | <u>20</u>      | <u>140,520</u> | <u>164,469</u> |
| Contribution deficiency (excess)                               | <u>\$ (180)</u> | <u>\$ (60)</u> | <u>\$ (160)</u> | <u>\$ (40)</u> | <u>\$ -</u> | <u>\$ (80)</u> | <u>\$ (41)</u> | <u>\$ (20)</u> | <u>\$ (60)</u> | <u>\$ -</u>    |
| <b>RATIOS:</b>                                                 |                 |                |                 |                |             |                |                |                |                |                |
| Covered-employee payroll                                       | \$ 979,286      | \$ 958,688     | \$ 738,505      | \$ 819,030     | \$ 781,982  | \$ 761,724     | \$ 671,395     | \$ 670,699     | \$ 736,643     | \$ 736,228     |
| Contributions as a percentage of covered-employee payroll      | 0.02%           | 0.01%          | 0.02%           | 0.00%          | 0.00%       | 0.01%          | 0.01%          | 0.00%          | 19.08%         | 22.34%         |
| Annual money-weighted rate of return net of investment expense | N/A             | N/A            | N/A             | N/A            | N/A         | N/A            | N/A            | N/A            | 8.20%          | -0.03%         |

**CITY OF SHARON**  
**REQUIRED SUPPLEMENTARY INFORMATION - OPEB**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DECEMBER 31,**

|                                                         | <b>2025</b>         | <b>2024</b>         | <b>2023</b>         | <b>2022</b>           | <b>2021</b>         | <b>2020</b>         | <b>2019</b>         | <b>2018</b>         | <b>2017</b>         |
|---------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost                                            | \$ 122,314          | \$ 127,744          | \$ 66,127           | \$ 132,971            | \$ 168,228          | \$ 136,768          | \$ 154,948          | \$ 182,324          | \$ 168,882          |
| Interest                                                | 330,326             | 304,265             | 251,884             | 156,088               | 137,599             | 214,560             | 258,074             | 231,529             | 265,397             |
| Changes of benefit terms                                | -                   | -                   | 313,748             | -                     | -                   | -                   | -                   | -                   | -                   |
| Differences between expected and actual                 | (22,876)            | 1,322,193           | 19,819              | (54,101)              | 852                 | (1,162,331)         | (58,247)            | -                   | (1,037,765)         |
| Changes of assumptions or other inputs                  | (81,620)            | 197,996             | 132,836             | (980,363)             | (187,719)           | 436,202             | 936,945             | (668,614)           | 1,073,031           |
| Benefit payments                                        | (512,759)           | (472,611)           | (317,657)           | (271,386)             | (269,620)           | (273,883)           | (293,095)           | (289,986)           | (332,949)           |
| <b>Net Change in Total OPEB Liability</b>               | <b>\$ (164,615)</b> | <b>\$ 1,479,587</b> | <b>\$ 466,757</b>   | <b>\$ (1,016,791)</b> | <b>\$ (150,660)</b> | <b>\$ (648,684)</b> | <b>\$ 998,625</b>   | <b>\$ (544,747)</b> | <b>\$ 136,596</b>   |
| Total OPEB Liability - Beginning of Year                | 7,885,720           | 6,406,133           | 5,939,376           | 6,956,167             | 7,106,827           | 7,755,511           | 6,756,886           | 7,301,633           | 7,165,037           |
| <b>Total OPEB Liability - End of Year</b>               | <b>\$ 7,721,105</b> | <b>\$ 7,885,720</b> | <b>\$ 6,406,133</b> | <b>\$ 5,939,376</b>   | <b>\$ 6,956,167</b> | <b>\$ 7,106,827</b> | <b>\$ 7,755,511</b> | <b>\$ 6,756,886</b> | <b>\$ 7,301,633</b> |
| Covered payroll                                         | \$ 4,928,242        | \$ 4,479,599        | \$ 4,235,876        | \$ 3,500,000          | \$ 3,326,000        | \$ 3,283,102        | \$ 3,186,444        | \$ 2,947,493        | \$ 2,890,695        |
| Total OPEB liability as a percentage of covered payroll | 156.67%             | 176.04%             | 151.24%             | 169.70%               | 209.15%             | 216.47%             | 243.39%             | 229.24%             | 252.59%             |

This schedule is intended to illustrate information for a ten (10) year period. Information for the ten-year period will be presented as information becomes available.

**CITY OF SHARON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2025**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PENSION BENEFITS**

**POLICE PENSION PLAN:**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of Total Pension Liability**

- Pub Mortality Table updated from 2010 to 2016 and changed from Below-Median to Total Dataset
- Long-term rate of salary increase was changed from 3.75% to 4.00%

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine actuarially determined contributions:

- Actuarial Valuation Date: January 1, 2025
- Investment Rate of Return: 7.00%
- Projected Salary Increases: 4.00%
- Underlying Inflation Rate: 2.50%
- Mortality - Post-Retirement: PubS-2016(B) Healthy Retiree Amount Weighted, Total Dataset for Public Safety Officers. PubS-2016(B) Contingent Survivor Total Dataset table for spouses – projection scale MP-2021
- Mortality – Post-Disability: PubS 2016 Disabled Retiree Amount Weighted, for Public Safety Officers. PubS-2016(b) Contingent Survivor Below-Median table for spouses – projection scale MP-2020

**FIREMEN'S PENSION PLAN:**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of Total Pension Liability**

- Pub Mortality Table updated from 2010 to 2016 and changed from Below-Median to Total Dataset
- Long-term rate of salary increase was changed from 3.75% to 4.00%

**CITY OF SHARON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2025**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PENSION BENEFITS (Continued)**

**FIREMEN'S PENSION PLAN: (Continued)**

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine actuarially determined contributions:

- Actuarial Valuation Date: January 1, 2025
- Investment Rate of Return: 7.00%
- Projected Salary Increases: 4.00%
- Underlying Inflation Rate: 2.50%
- Mortality - Post-Retirement: PubS-2016(B) Healthy Retiree Amount Weighted, Total Dataset for Public Safety Officers. PubS-2016(B) Contingent Survivor Total Dataset table for spouses – projection scale MP-2021
- Mortality – Post-Disablement: PubS 2016 Disabled Retiree Amount Weighted, for Public Safety Officers. PubS-2016(B) Contingent Survivor Total Dataset table for spouses – projection scale MP-2020

**MUNICIPAL PENSION PLAN:**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of Total Pension Liability**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine actuarially determined contributions:

- Actuarial Valuation Date: January 1, 2025
- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level dollar based on the amortization periods in Act 205
- Asset Valuation Method: Based on the municipal reserves
- Investment Rate of Return: 5.25%
- Inflation: 2.2%
- Salary Increases: Age related scale with merit and inflation component
- COLA Increases: 2.2% for those eligible for a COLA
- Pre-Retirement Mortality: Males PUB-2010 General Employees male table; Females Pub-2010 General Employees female table
- Post-Retirement: Males RP2006 annuitant male table; Females RP2006 annuitant female table

**CITY OF SHARON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2025**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB PLAN**

**Changes in Benefit Terms**

None

**Changes in Assumptions**

- Discount rate increased from 4.28% at December 31, 2024 to 4.43% at December 31, 2025.

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

The total OPEB liability was determined as of the December 31, 2023 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Future Pay Increases: Base pay increases in the current contracts and 3.75% thereafter
- Retirement Age: Police and Fire – Age 52 with 20 years of service
- Discount Rate: 3.26% - Based on Bond Buyers 20-Bond Index
- Healthcare Cost Trend Rate: 7.75%
- Long-term Trend Rate: 5.50%
- Terminal Trend Year: 2024
- Mortality Rates: Police – PubS.H - 2010(B) Below-median, Headcount-weighted mortality table projected by scale MP-2018. Others – PubG.H – 2010(B) Below-median, Headcount-weighted mortality table projected by scale MP-2018

# **CITY OF SHARON**

## ***INFORMATION AS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133***

**Turnley Robertson & Associates LLC**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Members of Management and City Council  
City of Sharon**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the City of Sharon as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise City of Sharon's basic financial statements, and have issued our report thereon dated September 30, 2026.

**Report on Internal Control over Financial Reporting**

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

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

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

**To the Members of Management and City Council  
City of Sharon**

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Turnley Robertson & Associates LLC*

Turnley Robertson & Associates LLC

September 30, 2026  
New Brighton, Pennsylvania

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Members of Management and City Council  
City of Sharon**

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

#### **Opinion on Each Major Federal Program**

We have audited the City of Sharon's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of City of Sharon's major federal programs for the year ended December 31, 2025. The City of Sharon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

In our opinion, the City of Sharon complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; The standards applicable to financial audits contained in Government Auditing Standards. Issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Sharon and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Sharon's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Sharon's federal programs.

**To the Members of Management and City Council  
City of Sharon**

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Sharon's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Sharon's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with the generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Sharon's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Sharon's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Sharon's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

**To the Members of Management and City Council  
City of Sharon**

**Report on Internal Control over Compliance (Continued)**

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance, given these limitations, during our audit we did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Turnley Robertson & Associates, LLC*

Turnley Robertson & Associates LLC

September 30, 2026  
New Brighton, Pennsylvania

**CITY OF SHARON**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| <b>FEDERAL GRANTOR/ PROJECT TITLE</b>                                      | <b>FEDERAL FUNDING SOURCE</b> | <b>ASSISTANCE LISTING NUMBER</b> | <b>TOTAL GRANTOR NUMBER</b> | <b>GRANT PERIOD</b> | <b>GRANT AWARD AMOUNT</b> | <b>TOTAL RECEIVED THIS PERIOD</b> | <b>ACCRUED (UNEARNED) REVENUE JANUARY 1</b> | <b>REVENUE RECOGNIZED</b> | <b>EXPENDITURES</b> | <b>ACCRUED (UNEARNED) REVENUE DECEMBER 31</b> |
|----------------------------------------------------------------------------|-------------------------------|----------------------------------|-----------------------------|---------------------|---------------------------|-----------------------------------|---------------------------------------------|---------------------------|---------------------|-----------------------------------------------|
| <b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>                        |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| Staffing for Adequate Fire & Emergency Response (SAFER)                    | Direct                        | 97.083                           | n/a                         | 2/27/23-2/26/26     | \$ 769,320                | \$ 246,374                        | \$ 118,974                                  | \$ 260,387                | \$ 260,387          | \$ 132,987                                    |
| <b>Passed through PEMA:</b>                                                |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| Disaster Grants - Public Assistance<br>(Presidentially Declared Disasters) | Indirect                      | 97.036                           | n/a                         | 3/20/20-present     | n/a                       | 1,319                             | -                                           | 1,319                     | 1,319               | -                                             |
| <b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>                          |                               |                                  |                             |                     |                           | <b>\$ 247,693</b>                 | <b>\$ 118,974</b>                           | <b>\$ 261,706</b>         | <b>\$ 261,706</b>   | <b>\$ 132,987</b>                             |
| <b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>                                  |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| Equitable Sharing Program                                                  | Direct                        | 16.922                           | n/a                         | n/a                 | 6,482                     | \$ -                              | \$ (6,389)                                  | \$ 6,482                  | \$ 6,482            | \$ 93                                         |
| Public Safety Partnership and Community Policing Grant                     | Direct                        | 16.710                           | n/a                         | n/a                 | 86,169                    | 39,168                            | -                                           | 86,169                    | 86,169              | 47,001                                        |
| <b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>                                    |                               |                                  |                             |                     |                           | <b>\$ 39,168</b>                  | <b>\$ (6,389)</b>                           | <b>\$ 92,651</b>          | <b>\$ 92,651</b>    | <b>\$ 47,094</b>                              |
| <b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>                           |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| <b>Passed through PA Department of Transportation:</b>                     |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| Highway Planning and Construction                                          | Indirect                      | 20.205                           | R22010014                   | 1/31/23-1/31/28     | \$ 1,187,919              | \$ 945,468                        | \$ -                                        | \$ 945,468                | 945,468             | \$ -                                          |
| <b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>                             |                               |                                  |                             |                     |                           | <b>\$ 945,468</b>                 | <b>\$ -</b>                                 | <b>\$ 945,468</b>         | <b>\$ 945,468</b>   | <b>\$ -</b>                                   |
| <b><u>U.S. DEPARTMENT OF TREASURY:</u></b>                                 |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| Coronavirus State and Local Fiscal Recovery Fund                           | Direct                        | 21.027                           | n/a                         | 3/3/21-12/31/24     | \$ 14,382,307             | \$ -                              | \$ (4,399,365)                              | \$ 2,199,213              | \$ 2,199,213        | (1) \$ (2,200,152)                            |
| <b>Passed through PA Commission on Crime and Delinquency:</b>              |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| SPD Digital Forensics Unit Expansion Project                               | Indirect                      | 21.027                           | 2022 CL-01-42244            | 10/1/24-9/30/26     | \$ 58,002                 | \$ 22,385                         | \$ 12,485                                   | \$ 36,622                 | \$ 36,622           | (1) \$ 26,722                                 |
| Sharon Police Department NIBRS Enhancement Project                         | Indirect                      | 21.027                           | 2022 CL-01-44406            | 10/1/24-9/30/26     | 150,292                   | 149,247                           | 52,942                                      | 97,197                    | 97,197              | (1) 892                                       |
| Sharon Police Hiring Incentives                                            | Indirect                      | 21.027                           | 2022-CL-01-41365            | 2/1/24-6/30/25      | 25,000                    | 5,000                             | -                                           | 5,000                     | 5,000               | (1) -                                         |
| <b>Total Passed through PA Commission on Crime and Delinquency</b>         |                               |                                  |                             |                     |                           | <b>\$ 176,632</b>                 | <b>\$ 65,427</b>                            | <b>\$ 138,819</b>         | <b>\$ 138,819</b>   | <b>\$ 27,614</b>                              |
| <b>TOTAL U.S. DEPARTMENT OF TREASURY</b>                                   |                               |                                  |                             |                     |                           | <b>\$ 176,632</b>                 | <b>\$ (4,333,938)</b>                       | <b>\$ 2,338,032</b>       | <b>\$ 2,338,032</b> | <b>\$ (2,172,538)</b>                         |
| <b><u>U.S. DEPARTMENT of HOUSING AND URBAN DEVELOPMENT:</u></b>            |                               |                                  |                             |                     |                           |                                   |                                             |                           |                     |                                               |
| Community Development Block Grant Program -<br>Entitlement Grants Cluster  | Direct                        | 14.218                           | n/a                         | various             | \$ 3,473,950              | \$ 490,202                        | \$ 50,881                                   | \$ 478,923                | 478,923             | \$ 39,602                                     |
| <b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                   |                               |                                  |                             |                     |                           | <b>\$ 490,202</b>                 | <b>\$ 50,881</b>                            | <b>\$ 478,923</b>         | <b>\$ 478,923</b>   | <b>\$ 39,602</b>                              |
| <b>TOTAL FEDERAL AWARDS</b>                                                |                               |                                  |                             |                     |                           | <b>\$ 1,899,163</b>               | <b>\$ (4,170,472)</b>                       | <b>\$ 4,116,780</b>       | <b>\$ 4,116,780</b> | <b>\$ (1,952,855)</b>                         |

(1) Denotes Major Program

**CITY OF SHARON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2025**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the City of Sharon for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Grant Guidance – UGG*). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City of Sharon.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal financial award revenues are included in the financial statements as 'intergovernmental revenue'. In specific, federal award revenues related to the City's CDBG, Home and Highways Grant Programs are presented in Exhibit E in the CDBG Fund and the Capital Project Fund columns (page 6).

**NOTE 4 – INDIRECT COST RATE**

The City of Sharon has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF SHARON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes    X no
- Significant deficiency(ies) identified? \_\_\_yes    X no

Noncompliance material to financial statements noted?

\_\_\_yes    X no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes    X no
- Significant deficiency(ies) identified? \_\_\_yes    X no

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

Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a)?

\_\_\_yes    X no

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Fund Program

The dollar threshold for distinguishing type A and type B programs:

|                |                          |
|----------------|--------------------------|
| Type A Program | \$1,000,000-\$25,000,000 |
| Type B Program | Less than \$1,000,000    |

Auditee qualified as low-risk auditee?

X yes    \_\_\_no

**Section II – Financial Statement Findings**

Findings related to the financial statements which are required to be report in accordance with Government Auditing Standards.

None

**Section III – Federal Award Findings and Questioned Costs**

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

**CITY OF SHARON**  
**STATUS OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING DECEMBER 31, 2025**

There were no findings in the audit report of the City of Sharon for the year ended December 31, 2024, dated September 10, 2025.