
TOWN OF SPRAGUE, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2021

TOWN OF SPRAGUE, CONNECTICUT

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Sprague, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sprague, CT, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Sprague, CT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sprague, CT, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10, budgetary comparison information on pages 49-51, and Pension and OPEB schedules on pages 52-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

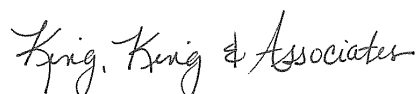
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sprague, CT's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022, on our consideration of the Town of Sprague, CT's internal control over financial reporting and on our tests of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sprague, CT's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
March 18, 2022

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

As management of the Town of Sprague, CT, we offer readers of the Town of Sprague, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Sprague, CT for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of Sprague, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,394,662 (*net position*). Of this amount, (\$202,984) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. This amount consists of (\$740,397) that is attributable to the Town's governmental activities and \$537,413 that is attributable to the Town's water and sewer activities (business-type activities). Restricted net position of \$415,668 is restricted for various programs such as housing rehab loans, road maintenance, education, and other purposes.
- In the Town's governmental activities, total net position increased by \$58,214.
- In the Town's business-type activities, total net position increased by \$10,425.
- As of the close of the current fiscal year, the Town of Sprague, CT's governmental funds reported combined ending fund balances of \$591,363, an increase of \$911,228 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$256,851 or 2.6% of total General Fund budgeted expenditures. The total fund balance of the General Fund was \$347,364 or 3.6% of total General Fund budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Sprague, CT's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Sprague, CT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of Sprague, CT is improving or deteriorating.

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

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

Both of the government-wide financial statements distinguish functions of the Town of Sprague, CT that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Sprague, CT include general government, public safety, public works, and education. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities. The business-type activities of the Town of Sprague, CT include fees to customers to help it cover all or most of the cost of certain services it provides for water and sewer.

The government-wide financial statements can be found on pages 11-12 of this report.

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

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

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

The Town of Sprague, CT, maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Nonrecurring Fund, Education Grants Fund, and Small Cities Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Sprague, CT, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary Funds. The Town maintains one proprietary fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

TOWN OF SPRAGUE, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Sprague, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,394,662 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 2,406,775	\$ 1,123,192	\$ 577,475	\$ 549,911	\$ 2,984,250	\$ 1,673,103
Capital Assets	29,126,576	29,861,455	3,341,525	3,414,566	32,468,101	33,276,021
Total Assets	<u>31,533,351</u>	<u>30,984,647</u>	<u>3,919,000</u>	<u>3,964,477</u>	<u>35,452,351</u>	<u>34,949,124</u>
Deferred Outflows of Resources	21,538	22,068	-	-	21,538	22,068
Other Liabilities	1,219,753	1,015,129	23,436	3,879	1,243,189	1,019,008
Long-term Liabilities	8,000,337	7,678,954	1,132,242	1,207,701	9,132,579	8,886,655
Total Liabilities	<u>9,220,090</u>	<u>8,694,083</u>	<u>1,155,678</u>	<u>1,211,580</u>	<u>10,375,768</u>	<u>9,905,663</u>
Deferred Inflows of Resources	703,459	739,506	-	-	703,459	739,506
Net Position:						
Net Investment in Capital Assets	21,956,069	22,902,857	2,225,909	2,218,301	24,181,978	25,121,158
Restricted	415,668	279,460	-	-	415,668	279,460
Unrestricted	(740,397)	(1,609,191)	537,413	534,596	(202,984)	(1,074,595)
Total Net Position	<u>\$ 21,631,340</u>	<u>\$ 21,573,126</u>	<u>\$ 2,763,322</u>	<u>\$ 2,752,897</u>	<u>\$ 24,394,662</u>	<u>\$ 24,326,023</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and improvements, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets decreased by \$939,180 during the current fiscal year.

The Town's restricted net position of \$415,668 increased by \$136,208 compared to last years restricted net position of \$279,460. This increase is mainly due to a carryover of town aid road grant funds and an increase in the community development loans outstanding.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF SPRAGUE, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
<i>Program Revenues:</i>						
Charges for Services	\$ 279,164	\$ 160,062	\$ 586,191	\$ 572,445	\$ 865,355	\$ 732,507
Operating Grants and Contributions	5,320,113	4,797,144	-	-	5,320,113	4,797,144
Capital Grants and Contributions	182,170	704,877	-	-	182,170	704,877
<i>General Revenues:</i>						
Property Taxes	6,139,234	5,953,612	-	-	6,139,234	5,953,612
Unrestricted Grants & Contributions	119,839	10,022	-	-	119,839	10,022
Unrestricted Investment Income	1,238	3,214	320	265	1,558	3,479
Other	8,084	-	-	-	8,084	-
Total Revenues	<u>12,049,842</u>	<u>11,628,931</u>	<u>586,511</u>	<u>572,710</u>	<u>12,636,353</u>	<u>12,201,641</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	1,804,493	2,337,156	-	-	1,804,493	2,337,156
Public Safety	423,869	411,928	-	-	423,869	411,928
Public Works	810,532	618,214	-	-	810,532	618,214
Education	8,438,483	8,099,859	-	-	8,438,483	8,099,859
Interest on Long-Term Debt	469,063	264,786	-	-	469,063	264,786
<i>Business-Type Activities:</i>						
Water and Sewer	-	-	621,274	489,336	621,274	489,336
Total Expenses	<u>11,946,440</u>	<u>11,731,943</u>	<u>621,274</u>	<u>489,336</u>	<u>12,567,714</u>	<u>12,221,279</u>
Change in Net Position Before Transfers	103,402	(103,012)	(34,763)	83,374	68,639	(19,638)
Transfers	(45,188)	117,020	45,188	(117,020)	-	-
Change in Net Position	58,214	14,008	10,425	(33,646)	68,639	(19,638)
Beginning Net Position, Restated	21,573,126	21,559,118	2,752,897	2,786,543	24,326,023	24,345,661
Ending Net Position	<u>\$ 21,631,340</u>	<u>\$ 21,573,126</u>	<u>\$ 2,763,322</u>	<u>\$ 2,752,897</u>	<u>\$ 24,394,662</u>	<u>\$ 24,326,023</u>

Governmental activities. Governmental activities increased the Town of Sprague, CT's net position by \$58,214.

Fifty-one percent (51%) of the revenues of the Town were derived from property taxes, followed by forty-six percent (46%) from grants and contributions, two percent (2%) from charges for services and less than one percent (1%) of the Town's revenue in the fiscal year was derived from investment and other income.

Major revenue factors included:

- Property tax revenue increased when compared to the previous fiscal year due to an increase in the mill rate from 34.75 to 35.75.
- Revenue from grants and contributions increased during the current fiscal year when compared to the prior fiscal year due to the actuarially determined adjustments for the State Teachers Retirement and TRB OPEB plan which are recognized as a revenue and expense along with an increase in grants received due to the COVID-19 pandemic.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

Seventy percent (70%) of the expenses of the Town were related to education, followed by fifteen percent (15%) related to general government, seven percent (7%) related to public works, four percent (4%) related to public safety, and four percent (4%) related to interest on long-term debt.

Major expense factors included:

- The education expenses increased during the current fiscal year when compared to the prior fiscal year due to the actuarially determined adjustments for the State Teachers Retirement and TRB OPEB plan which are recognized as a revenue and expense along with an increase in grants received due to the COVID-19 pandemic.

Business-Type activities. The business-type activities consist of the water and sewer fund. The net position increased by \$10,425 during the current fiscal year. Part of this is due to a capital contribution from the governmental funds of \$45,188 of sewer piping.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the Town of Sprague, CT's governmental funds reported combined ending fund balances of \$591,363, an increase of \$911,228 in comparison with the prior year. The governmental funds currently have a negative unassigned fund balance of (\$245,614) due mainly to a large unassigned fund balance deficit in the Capital Nonrecurring Fund that the Town is working to rectify.

General Fund. The General Fund is the chief operating fund of the Town of Sprague, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$256,851. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 2.8 percent of total General Fund Budget Basis expenditures.

The fund balance of the Town of Sprague, CT's General Fund increased by \$395,670 during the current fiscal year. Key factors in this increase are as follows:

- Revenues coming in over budget by \$150,010 particularly in tax collections, charges for services, and intergovernmental grants.
- Expenditures coming in \$360,763 under budget, with \$218,414 of that coming from the Education line.
- The Town made an additional transfer of \$150,000 to apply to old balances in the capital nonrecurring fund at the recommendation of the CT Municipal Accountability Review Board.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund increased by \$472,690 during the current fiscal year. This increase is primarily related to the issuance of General Obligation Bonds and Premium on the Issuance which were used to pay off a maturing Bond Anticipation Note and finance future capital projects along with transfers in from the General Fund. The Sayles School Roof project is also being partly funded with grants from the State of Connecticut.

Education Grants Fund. The fund balance of the Education Grants Fund increased by \$5,789.

Small Cities Fund. The fund balance of the Small Cities Grant Program Fund increased by \$55,191 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead move appropriations from one department to another department. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

	Final Budget	Actual	Variance
REVENUES			
Property Taxes	\$ 6,110,523	\$ 6,138,650	\$ 28,127
Intergovernmental	3,251,027	3,309,675	58,648
Local Revenues	227,158	292,162	65,004
Investment Income	3,000	1,231	(1,769)
Total Revenues	<u>9,591,708</u>	<u>9,741,718</u>	<u>150,010</u>
EXPENDITURES			
General Government Operating Budget	1,948,804	1,810,705	138,099
Board of Education	6,688,595	6,470,181	218,414
Debt Service	891,464	887,214	4,250
Total Expenditures	<u>9,528,863</u>	<u>9,168,100</u>	<u>360,763</u>
OTHER FINANCING SOURCES (USES)			
Appropriation from Fund Balance	150,000	-	(150,000)
Transfers	(172,000)	(172,000)	-
Total Other Financing Sources (Uses)	<u>(22,000)</u>	<u>(172,000)</u>	<u>(150,000)</u>
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 40,845</u>	<u>\$ 401,618</u>	<u>\$ 360,773</u>

The original approved budget projected a surplus of \$40,845. The Town approved additional appropriations from fund balance of \$150,000 during the year to be transferred to the Capital Nonrecurring Fund to clear up old deficit balances.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Sprague, CT's reported value in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$32,468,101 (net of accumulated depreciation). This reported value in capital assets includes land, construction in progress, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges. The total decrease in the Town's investment in capital assets for the current fiscal year was \$807,920.

	<u>2021</u>	<u>2020</u>
<i>Governmental Activities:</i>		
Land	\$ 9,532,616	\$ 9,532,616
Construction in Progress	284,828	279,058
Buildings and Systems	4,842,549	4,989,229
Machinery and Equipment	1,499,020	1,684,519
Infrastructure	12,967,563	13,376,033
	<u>\$ 29,126,576</u>	<u>\$ 29,861,455</u>
	<u>2021</u>	<u>2020</u>
<i>Business-Type Activities:</i>		
Buildings and Systems	\$ 3,020,905	\$ 3,086,663
Machinery and Equipment	320,620	327,903
	<u>\$ 3,341,525</u>	<u>\$ 3,414,566</u>

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

- Walkways and sidewalks
- Sayles school roof replacement project
- Addition of a 3-point hitch blower
- New piping and manhole cover for the Water and Sewer

Additional information on the Town of Sprague, CT's capital assets can be found in Note 6 on pages 31-32 of this report.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

Long-term debt. At the end of the current fiscal year, the Town of Sprague, CT had long-term debt and other long-term liabilities outstanding of \$9,132,579.

	<u>2021</u>	<u>2020</u>
<i>Governmental Activities:</i>		
General Obligation Bonds	\$ 6,795,000	\$ 3,415,000
Unamortized Bond Premiums	375,507	-
Bond Anticipation Notes	-	3,440,000
Loans Payable	500,000	500,000
Compensated Absences	48,515	53,953
Landfill Post-Closure Liability	3,600	4,800
OPEB Liability	277,715	265,201
Total Governmental Activities	<u>\$ 8,000,337</u>	<u>\$ 7,678,954</u>
<i>Business-Type Activities:</i>		
Bonds Payable	\$ 585,000	\$ 630,000
Loans Payable	530,616	566,265
Compensated Absences	16,626	11,436
Total Business-Type Activities	<u>\$ 1,132,242</u>	<u>\$ 1,207,701</u>

The Town of Sprague, CT's total long-term debt and other long-term liabilities increased by \$245,924 (2.7 percent) during the current fiscal year due mainly to the issuance of general obligation bonds which included bond premiums. Additional information on the Town of Sprague, CT's long-term debt can be found in Note 7 on pages 32-34 of this report.

The Town of Sprague currently maintains a bond rating of AA by Standard and Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Increased threat of losing State funding will continue to be a variable in our local budget.

All of these factors were considered in preparing the Town of Sprague, CT's budget for the 2022 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Sprague, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Finance, Town of Sprague, 1 Main Street, Baltic, CT 06330.

Basic Financial Statements

TOWN OF SPRAGUE, CONNECTICUT

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,571,812	\$ 464,683	\$ 2,036,495
Restricted Cash	27,306	-	27,306
Receivables, Net of Allowance	787,240	108,746	895,986
Internal Balances	62	(62)	-
Prepays	11,713	1,000	12,713
Inventories	8,642	3,108	11,750
Capital Assets:			
Assets Not Being Depreciated	9,817,444	-	9,817,444
Assets Being Depreciated, Net	<u>19,309,132</u>	<u>3,341,525</u>	<u>22,650,657</u>
Total Assets	<u>31,533,351</u>	<u>3,919,000</u>	<u>35,452,351</u>
Deferred Outflows of Resources			
Deferred Outflows - OPEB	<u>21,538</u>	<u>-</u>	<u>21,538</u>
Liabilities			
Accounts Payable and Accrued Items	590,687	23,436	614,123
Unearned Revenue	506,197	-	506,197
Performance Bonds	27,306	-	27,306
Accrued Interest Payable	95,563	-	95,563
Noncurrent Liabilities:			
Due Within One Year	542,193	94,228	636,421
Due In More Than One Year	<u>7,458,144</u>	<u>1,038,014</u>	<u>8,496,158</u>
Total Liabilities	<u>9,220,090</u>	<u>1,155,678</u>	<u>10,375,768</u>
Deferred Inflows of Resources			
Prepayment on Lease Agreement	319,749	-	319,749
Deferred Inflows - OPEB	<u>383,710</u>	<u>-</u>	<u>383,710</u>
Total Deferred Inflows of Resources	<u>703,459</u>	<u>-</u>	<u>703,459</u>
Net Position			
Net Investment in Capital Assets	21,956,069	2,225,909	24,181,978
Restricted for:			
Purposes of Trust - Nonexpendable	1,250	-	1,250
Community Development	301,469	-	301,469
Road Maintenance	71,504	-	71,504
Education	32,026	-	32,026
Other Purposes	9,419	-	9,419
Unrestricted	<u>(740,397)</u>	<u>537,413</u>	<u>(202,984)</u>
Total Net Position	<u>\$ 21,631,340</u>	<u>\$ 2,763,322</u>	<u>\$ 24,394,662</u>

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

TOWN OF SPRAGUE, CONNECTICUT

Statement of Activities

For the Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities:							
General Government	\$ 1,804,493	\$ 167,430	\$ 165,811	\$ -	\$ (1,471,252)	\$ -	\$ (1,471,252)
Public Safety	423,869	5,430	-	-	(418,439)	-	(418,439)
Public Works	810,532	90,436	643,077	25,548	(51,471)	-	(51,471)
Education	8,438,483	15,868	4,511,225	156,622	(3,754,768)	-	(3,754,768)
Interest on Long-Term Debt	469,063	-	-	-	(469,063)	-	(469,063)
Total Governmental Activities	<u>11,946,440</u>	<u>279,164</u>	<u>5,320,113</u>	<u>182,170</u>	<u>(6,164,993)</u>	<u>-</u>	<u>(6,164,993)</u>
Business-Type Activities:							
Water and Sewer	<u>621,274</u>	<u>586,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,083)</u>	<u>(35,083)</u>
Total Primary Government	<u>\$ 12,567,714</u>	<u>\$ 865,355</u>	<u>\$ 5,320,113</u>	<u>\$ 182,170</u>	<u>\$ (6,164,993)</u>	<u>(35,083)</u>	<u>(6,200,076)</u>
General Revenues:							
Property Taxes, Payment in Lieu of Taxes, Interest and Liens					6,139,234	-	6,139,234
Grants and Contributions not Restricted to Specific Programs					119,839	-	119,839
Unrestricted Investment Earnings					1,238	320	1,558
Other					8,084	-	8,084
Transfers					(45,188)	45,188	-
Total General Revenues and Transfers					<u>6,223,207</u>	<u>45,508</u>	<u>6,268,715</u>
Change in Net Position					58,214	10,425	68,639
Net Position at Beginning of Year, Restated					<u>21,573,126</u>	<u>2,752,897</u>	<u>24,326,023</u>
Net Position at End of Year					<u>\$ 21,631,340</u>	<u>\$ 2,763,322</u>	<u>\$ 24,394,662</u>

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

TOWN OF SPRAGUE, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 1,191,014	\$ 279,550	\$ -	\$ 12,246	\$ 89,002	\$ 1,571,812
Restricted Cash	27,306	-	-	-	-	27,306
Receivables, Net of Allowance	235,113	221,688	18,394	312,045	-	787,240
Prepays	11,713	-	-	-	-	11,713
Inventories	7,296	-	-	-	1,346	8,642
Due from Other Funds	141,080	-	33,219	-	16,954	191,253
Total Assets	<u>\$ 1,613,522</u>	<u>\$ 501,238</u>	<u>\$ 51,613</u>	<u>\$ 324,291</u>	<u>\$ 107,302</u>	<u>\$ 2,597,966</u>
Liabilities						
Accounts Payable and Accrued Items	\$ 301,338	\$ 277,938	\$ -	\$ 11,411	\$ -	\$ 590,687
Unearned Revenue	424,740	29,975	51,482	-	-	506,197
Performance Bonds	27,306	-	-	-	-	27,306
Due to Other Funds	36,189	155,002	-	-	-	191,191
Total Liabilities	<u>789,573</u>	<u>462,915</u>	<u>51,482</u>	<u>11,411</u>	<u>-</u>	<u>1,315,381</u>
Deferred Inflows of Resources						
Unavailable Revenue:						
Property Taxes and Interest	156,836	-	-	-	-	156,836
Grants	-	200,822	2,404	11,411	-	214,637
Unearned Revenue:						
Prepayment on Lease Agreement	319,749	-	-	-	-	319,749
Total Deferred Inflows of Resources	<u>476,585</u>	<u>200,822</u>	<u>2,404</u>	<u>11,411</u>	<u>-</u>	<u>691,222</u>
Fund Balances						
Nonspendable	19,009	-	-	-	1,250	20,259
Restricted	71,504	9,419	-	301,469	32,026	414,418
Committed	-	140,948	-	-	74,066	215,014
Assigned	-	187,286	-	-	-	187,286
Unassigned	256,851	(500,152)	(2,273)	-	(40)	(245,614)
Total Fund Balances	<u>347,364</u>	<u>(162,499)</u>	<u>(2,273)</u>	<u>301,469</u>	<u>107,302</u>	<u>591,363</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,613,522</u>	<u>\$ 501,238</u>	<u>\$ 51,613</u>	<u>\$ 324,291</u>	<u>\$ 107,302</u>	<u>\$ 2,597,966</u>

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

TOWN OF SPRAGUE, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2021

Fund balances reported in governmental funds Balance Sheet	\$ 591,363
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
<i>Capital Assets</i>	44,207,910
<i>Depreciation</i>	(15,081,334)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
<i>Property taxes and interest receivable greater than 60 days</i>	156,836
<i>Grants receivable</i>	214,637
Certain changes related to OPEB are deferred and amortized over time.	
<i>Deferred Outflows - OPEB</i>	21,538
<i>Deferred Inflows - OPEB</i>	(383,710)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
<i>Accrued Interest</i>	(95,563)
<i>Bonds Payable</i>	(6,795,000)
<i>Bond Premiums</i>	(375,507)
<i>Loan Payable</i>	(500,000)
<i>Compensated Absences</i>	(48,515)
<i>OPEB Liability</i>	(277,715)
<i>Post-closure Landfill Costs</i>	<u>(3,600)</u>
Net position of governmental activities	<u>\$ 21,631,340</u>

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

TOWN OF SPRAGUE, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Nonmajor Governmental Funds	Total
Revenues						
Property Taxes, Interest and Lien Fees	\$ 6,138,650	\$ -	\$ -	\$ -	\$ -	\$ 6,138,650
Intergovernmental Revenues	3,956,743	176,259	437,653	75,397	146,229	4,792,281
Charges for Services	214,869	55,587	-	-	15,868	286,324
Interest Income	1,231	-	-	2	5	1,238
Other	8,785	1,220	-	-	7,235	17,240
Total Revenues	<u>10,320,278</u>	<u>233,066</u>	<u>437,653</u>	<u>75,399</u>	<u>169,337</u>	<u>11,235,733</u>
Expenditures						
Current:						
General Government	978,563	70,610	-	20,208	728	1,070,109
Public Safety	328,546	-	-	-	-	328,546
Public Works	534,624	-	-	-	-	534,624
Education	7,092,169	-	431,864	-	186,721	7,710,754
Debt Service:						
Principal	686,839	3,253,161	-	-	-	3,940,000
Interest and Issuance Costs	205,587	287,157	-	-	-	492,744
Capital Outlay	-	518,881	-	-	-	518,881
Total Expenditures	<u>9,826,328</u>	<u>4,129,809</u>	<u>431,864</u>	<u>20,208</u>	<u>187,449</u>	<u>14,595,658</u>
Excess/(Deficiency) of Revenues over Expenditures	493,950	(3,896,743)	5,789	55,191	(18,112)	(3,359,925)
Other Financing Sources/(Uses)						
Issuance of General Obligation Bonds	-	3,880,000	-	-	-	3,880,000
Premium on Issuance	-	391,153	-	-	-	391,153
Transfers In	73,720	172,000	-	-	-	245,720
Transfers Out	(172,000)	(73,720)	-	-	-	(245,720)
Total Other Financing Sources/(Uses)	<u>(98,280)</u>	<u>4,369,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,271,153</u>
Net Change in Fund Balances	395,670	472,690	5,789	55,191	(18,112)	911,228
Fund Balances at Beginning of Year, Restated	<u>(48,306)</u>	<u>(635,189)</u>	<u>(8,062)</u>	<u>246,278</u>	<u>125,414</u>	<u>(319,865)</u>
Fund Balances at End of Year	<u>\$ 347,364</u>	<u>\$ (162,499)</u>	<u>\$ (2,273)</u>	<u>\$ 301,469</u>	<u>\$ 107,302</u>	<u>\$ 591,363</u>

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

TOWN OF SPRAGUE, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 911,228

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

<i>Capital outlay</i>	258,110
<i>Depreciation expense</i>	(977,141)
<i>Loss on Disposal</i>	(15,848)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

<i>Property taxes and interest collected accrual basis change</i>	584
<i>Grant revenue accrual basis change</i>	162,823
<i>Other revenues accrual basis change</i>	(511)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Principal payments on long-term debt - general obligation bonds</i>	500,000
<i>Principal payments on long-term debt - bond anticipation notes</i>	3,440,000
<i>Proceeds from long-term debt - general obligation bonds</i>	(3,880,000)
<i>Premium on bonds issued</i>	(391,153)
<i>Amortization of premiums</i>	15,646

<i>Amortization of deferred outflows related to OPEB benefits</i>	(530)
<i>Amortization of deferred inflows related to OPEB benefits</i>	32,847

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in:

<i>Accrued Interest</i>	8,035
<i>Compensated Absences</i>	5,438
<i>Post-closure Landfill Costs</i>	1,200
<i>OPEB Liability</i>	<u>(12,514)</u>

Change in net position of governmental activities \$ 58,214

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

TOWN OF SPRAGUE, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2021

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 464,683
Usage Receivable	108,746
Prepaid Expenses	1,000
Inventories	3,108
Total Current Assets	<u>577,537</u>
Capital Assets, Net	<u>3,341,525</u>
Total Assets	<u>3,919,062</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	23,436
Due to Other Funds	62
Bonds Payable	45,000
Loans Payable	36,368
Compensated Absences	12,860
Total Current Liabilities	<u>117,726</u>
Noncurrent Liabilities:	
Bonds Payable	540,000
Loans Payable	494,248
Compensated Absences	3,766
Total Noncurrent Liabilities	<u>1,038,014</u>
Total Liabilities	<u>1,155,740</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	2,225,909
Unrestricted	537,413
Total Net Position	<u>\$ 2,763,322</u>

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

TOWN OF SPRAGUE, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for Services	\$ 586,191
Miscellaneous	-
Total Operating Revenues	586,191
OPERATING EXPENSES	
Salaries and Related	205,978
Contractual Services	46,449
Utilities	77,452
Repairs and Maintenance	78,047
Other Supplies and Expenses	60,612
Depreciation Expense	118,229
Total Operating Expenses	586,767
Operating Income/(Loss)	(576)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	320
Interest Expense	(34,507)
Total Nonoperating Revenues (Expenses)	(34,187)
Income/(Loss) before Capital Contributions and Transfers	(34,763)
Capital Contributions	45,188
Transfers	-
Change in Net Position	10,425
Net Position - Beginning of Year, Restated	2,752,897
Net Position - End of Year	\$ 2,763,322

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

TOWN OF SPRAGUE, CONNECTICUT

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 581,702
Payments to Employees	(200,788)
Payments to Suppliers	(244,178)
Net Cash Provided by Operating Activities	<u>136,736</u>
Cash Flows from Noncapital Financing Activities:	
Interfund Activity	(26)
Net Cash Used by Noncapital Financing Activities	<u>(26)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Bonds	(45,000)
Principal Paid on Loans	(35,649)
Interest Paid on Capital Debt	(34,507)
Net Cash Used by Capital and Related Financing Activities	<u>(115,156)</u>
Cash Flows from Investing Activities:	
Interest Income	320
Net Cash Provided by Investing Activities	<u>320</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	21,874
Cash and Cash Equivalents at Beginning of Year	<u>442,809</u>
Cash and Cash Equivalents at End of Year	<u>\$ 464,683</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	<u>\$ (576)</u>
Adjustments to Reconcile Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	118,229
Change in Assets and Liabilities:	
(Increase) Decrease in Usage Receivable	(4,489)
(Increase) Decrease in Inventories	(1,263)
Increase (Decrease) in Accounts Payable and Accrued Expenses	19,645
Increase (Decrease) in Compensated Absences	5,190
Total Adjustments	<u>137,312</u>
Net Cash Provided by Operating Activities	<u>\$ 136,736</u>
Noncash Capital and Related Financing Activity:	
Capital Contributions from Other Funds	<u>\$ 45,188</u>

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

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Sprague, Connecticut (the “Town”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Reporting Entity

The Town of Sprague, Connecticut (The Town) is a municipal corporation governed by a selectmen-town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public-school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

The Town's financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Sprague (the primary government) and any component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches. The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of Sprague.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in the demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with nonmajor funds, if any, aggregated and presented in a single column.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual government and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes when levied and interest and lien fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the following major governmental funds:

- The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.

TOWN OF SPRAGUE, CONNECTICUT

Notes to the Financial Statements

- The *Capital Nonrecurring Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
- The *Education Grants Fund* is used to account for State, Federal and private grants to be used for educational purposes.
- The *Small Cities Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the Federal community development block grants for both program income and the First and Second Street project.

Proprietary funds include enterprise funds. Enterprise funds are used to account for those operations that provide services to the public. The Town reports the following major enterprise funds:

- The *Water and Sewer Fund* accounts for transactions through the Sprague Water and Sewer Authority. The authority has the responsibility to plan and direct the water and sewage supply, systems, disposal and distribution facilities for certain sections of the Town.

Accounting Estimates

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. This definition also applies to the proprietary statement of cash flows.

The Short-Term Investment Fund (STIF) is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor's. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Fair Value of Financial Instruments - In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active; Observable inputs other than quoted prices for the assets or liability;
- c. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Property Taxes Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for uncollectable taxes based on historical collection experience and other factors. The Town has recorded an allowance for uncollectable taxes of \$30,000 net with taxes and interest receivable as of June 30, 2021. Property taxes are assessed of October 1 and billed the following July. Real estate property bills are payable in two installments, July 1 and January 1. Motor vehicle and personal property taxes are payable in one installment on July 1, with the motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Taxes become delinquent thirty days after the installment is due and liens are filed on balances that are delinquent for one year.

Other Receivables – Other receivables include amounts due from other governments, individuals for services provided by the Town, and promissory notes due from property owners for renovations and rehabilitation costs financed with Small Cities funds. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Interfund Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds are offset by a nonspendable fund balance designation in the Fund providing the resources to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

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.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets - Capital assets, which include property, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$ 50,000
Construction in Progress	N/A	5,000
Buildings and Systems	50	15-30,000
Machinery and Equipment	5-20	5-15,000
Infrastructure	25-50	5-100,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Long-term obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

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

Compensated absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee termination or retirement.

TOWN OF SPRAGUE, CONNECTICUT

Notes to the Financial Statements

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports OPEB expenses in the government-wide financial statements. The OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statements of net position the Town reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its OPEB plans. These amounts are deferred and included in OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest and lien fees, and grants. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

Fund equity and net position– Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In the government-wide and proprietary fund statements of net position, net position is classified in the following categories:

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

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Committed Fund Balance – Indicates amounts that can only be used for specific purposes pursuant to formal action of the Town’s highest level of decision-making authority. A motion at a Town Meeting is the highest level of decision-making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned Fund Balance – Indicates amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by action of Town Officials.

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

When both restricted and unrestricted (committed, assigned, unassigned) amounts of fund balance are available for use for expenditures incurred, it is the Town’s policy to use restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies requiring it to maintain a minimum fund balance.

Encumbrances – In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET BASIS

A formal, legally approved, annual budget is adopted for the General Fund only.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

Teachers’ Retirement - The Town does not budget for as revenue or expenditures amounts for the State Teachers’ pension and OPEB contributed by the State of Connecticut on the Town’s behalf. U.S. Generally Accepted Accounting Principles require that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.

Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year-end are reported on the budgetary basis statements as expenditures.

Excess Cost and Certain Other Grants – The State reimburses the Town for certain costs incurred for special education needs. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue. Certain other grants are also net with education expenditures instead of being reported as intergovernmental revenue on the budgetary basis statements.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Long-Term Debt and Lease Financing – Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

Cash Basis Payroll – The general government payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

BUDGET CALENDAR

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

BUDGET CONTROL

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriation. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

For the year ended June 30, 2021, several line-item transfers were made to the Town's budget along with an addition appropriation of \$150,000.

EXPENDITURES IN EXCESS OF BUDGET

There were no expenditures in excess of their budgeted amounts in the Town's budget for the fiscal year ended June 30, 2021.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”. The following is a summary of cash and cash equivalents at June 30, 2021.

	Governmental Funds	Proprietary Funds	Total
Cash	\$ 729,055	\$ 464,683	\$ 1,193,738
Cash Equivalents	842,757	-	842,757
Restricted Cash	27,306	-	27,306
	\$ 1,599,118	\$ 464,683	\$ 2,063,801

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash, Cash Equivalents, and Restricted Cash	\$ 2,063,801
Less: Cash Equivalents (STIF)	(842,757)
	\$ 1,221,044

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$1,221,044 and the bank balance was \$1,437,018. Of the bank balance, Federal Depository Insurance Corporation insured \$500,000.

As of June 30, 2021, \$937,018 of the Town’s bank balance of \$1,437,018 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 793,316
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	143,702
Total	\$ 937,018

Cash Equivalents

At June 30, 2021, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$842,757. STIF is rated AAAM by Standard and Poor’s and has an average maturity of under 60 days.

Investments

Custodial Credit Risk - Investments. This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town does not have a policy for custodial credit risk.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Credit Risk – The Town does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Concentrations of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government’s investments in a single issuer. The town follows the limitations specified in the Connecticut General Statutes. Generally, the Town’s deposits cannot be 75% or more of the total capital of any one depository.

NOTE 4 – RECEIVABLES

As of June 30, 2021, Town receivable balances were as follows:

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Water & Sewer Fund	Total
Receivables:						
Property taxes	\$ 181,655	\$ -	\$ -	\$ -	\$ -	\$ 181,655
Interest, Liens, and Fees	41,480	-	-	-	-	41,480
Usage	-	-	-	-	108,746	108,746
Intergovernmental	25,642	219,290	18,394	11,411	-	274,737
Loans *	-	-	-	300,634	-	300,634
Accounts	16,336	2,308	-	-	-	18,644
Gross receivables	<u>265,113</u>	<u>221,598</u>	<u>18,394</u>	<u>312,045</u>	<u>108,746</u>	<u>925,896</u>
Less allowance for doubtful accounts	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Total allowance	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Net Total Receivables	<u>\$ 235,113</u>	<u>\$ 221,598</u>	<u>\$ 18,394</u>	<u>\$ 312,045</u>	<u>\$ 108,746</u>	<u>\$ 895,896</u>

* Not expected to be collected within one year.

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Governmental Funds
General Fund	
Fees Collected in Advance	\$ 1,679
Advances on Grants	423,061
Capital Nonrecurring Fund	
Advances on Grants	29,975
Education Grants Fund	
Advances on Grants	51,482
Total Unearned Revenue	<u>\$ 506,197</u>

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2021, the outstanding balances between funds were:

Payable Fund	Receivable Fund	Total
Capital Nonrecurring	Nonmajor Governmental Funds	\$ 13,984
General Fund	Nonmajor Governmental Funds	2,970
General Fund	Education Grants Fund	33,219
Capital Nonrecurring	General Fund	141,018
Water and Sewer Fund	General Fund	62
		\$ 191,253

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2021 were as follows:

Transfers In	Transfers Out	Amount
Capital Nonrecurring	General Fund	\$ 172,000
General Fund	Capital Nonrecurring	73,720
		\$ 245,720

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 9,532,616	\$ -	\$ -	\$ 9,532,616
Construction in Progress	279,058	251,398	(245,628)	284,828
Total capital assets, not being depreciated	<u>9,811,674</u>	<u>251,398</u>	<u>(245,628)</u>	<u>9,817,444</u>
Capital assets, being depreciated:				
Buildings and Systems	10,998,913	-	-	10,998,913
Machinery and Equipment	4,791,674	5,900	-	4,797,574
Infrastructure	18,363,387	230,592	-	18,593,979
Total capital assets, being depreciated	<u>34,153,974</u>	<u>236,492</u>	<u>-</u>	<u>34,390,466</u>
Less accumulated depreciation for:				
Buildings and Systems	6,009,684	146,680	-	6,156,364
Machinery and Equipment	3,107,155	191,399	-	3,298,554
Infrastructure	4,987,354	639,062	-	5,626,416
Total accumulated depreciation	<u>14,104,193</u>	<u>977,141</u>	<u>-</u>	<u>15,081,334</u>
Total capital assets, being depreciated	<u>20,049,781</u>	<u>(740,649)</u>	<u>-</u>	<u>19,309,132</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 29,861,455</u>	<u>\$ (489,251)</u>	<u>\$ (245,628)</u>	<u>\$ 29,126,576</u>

The Town made reclassifications to its opening governmental activities capital asset categories. The reclassification had no effect on total opening capital assets or net position.

Depreciation and amortization expense were charged to functions/programs of the governmental activities as follows:

General Government	\$ 735,849
Public Safety	95,323
Public Works	62,335
Education	83,634
	<u>\$ 977,141</u>

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Capital asset activity for business-type activities for the year ended June 30, 2021 consisted of the following:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, being depreciated:				
Buildings and Systems	\$ 5,625,177	\$ 45,188	\$ -	\$ 5,670,365
Machinery and Equipment	775,110	-	-	775,110
Total capital assets, being depreciated	<u>6,400,287</u>	<u>45,188</u>	<u>-</u>	<u>6,445,475</u>
Less accumulated depreciation for:				
Buildings and Systems	2,538,514	110,946	-	2,649,460
Machinery and Equipment	447,207	7,283	-	454,490
Total accumulated depreciation	<u>2,985,721</u>	<u>118,229</u>	<u>-</u>	<u>3,103,950</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 3,414,566</u>	<u>\$ (73,041)</u>	<u>\$ -</u>	<u>\$ 3,341,525</u>

Depreciation and amortization expense were charged to functions/programs of the business-type activities as follows:

Water and Sewer	<u>\$ 118,229</u>
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NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 3,415,000	\$ 3,880,000	\$ 500,000	\$ 6,795,000	\$ 515,000
Unamortized Bond Premiums	-	391,153	15,646	375,507	15,646
Bond Anticipation Notes	3,440,000	-	3,440,000	-	-
CT Municipal Restructuring Loan	500,000	-	-	500,000	-
Landfill Post-closure Liability	4,800	-	1,200	3,600	1,200
Compensated Absences	53,953	3,582	9,020	48,515	10,347
OPEB Liability	<u>265,201</u>	<u>12,514</u>	<u>-</u>	<u>277,715</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 7,678,954</u>	<u>\$ 4,287,249</u>	<u>\$ 3,965,866</u>	<u>\$ 8,000,337</u>	<u>\$ 542,193</u>
Business-Type Activities					
Bonds Payable	\$ 630,000	\$ -	\$ 45,000	\$ 585,000	\$ 45,000
Loans Payable	566,265	-	35,649	530,616	36,368
Compensated Absences	<u>11,436</u>	<u>5,190</u>	<u>-</u>	<u>16,626</u>	<u>12,860</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,207,701</u>	<u>\$ 5,190</u>	<u>\$ 80,649</u>	<u>\$ 1,132,242</u>	<u>\$ 94,228</u>

The bonds and loans payable recorded in the business-type activities are secured by the full faith and credit of the Town, but are substantially liquidated by water and sewer user charges. The remaining liabilities above typically have been liquidated in the General Fund and other governmental funds.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Bonds and Loans Payable

A summary of bonds and loans payable outstanding at June 30, 2021 is as follows:

	Year of Issue (FY)	Maturity Date (FY)	Interest Rate	Original Amount	Balance June 30, 2021
Governmental Activities					
General Obligation Bonds	2006	2025	3.75-5.00%	\$ 1,600,000	\$ 325,000
General Obligation Bonds	2009	2025	2.50-4.00%	1,810,000	425,000
General Obligation Bonds - Town Portion	2013	2034	3.50-4.375%	4,390,000	2,165,000
General Obligation Bonds	2021	2046	4.00%	3,880,000	3,880,000
				<u>11,680,000</u>	<u>6,795,000</u>
Business-Type Activities					
General Obligation Bonds - WPCA Portion	2013	2034	3.50-4.375%	900,000	585,000
Clean Water Fund Loan	2015	2034	2.00%	775,645	530,616
				<u>1,675,645</u>	<u>1,115,616</u>
				<u>\$ 13,355,645</u>	<u>\$ 7,910,616</u>

Annual debt service requirements on bonds and loans payable as of June 30, 2021 are as follows:

Year(s)	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 515,000	\$ 274,069	\$ 81,368	\$ 32,335	\$ 596,368	\$ 306,404
2023	505,000	244,240	82,102	29,780	587,102	274,020
2024	505,000	227,265	82,851	27,206	587,851	254,471
2025	505,000	210,782	83,612	24,753	588,612	235,535
2026	365,000	183,859	84,395	22,387	449,395	206,246
2027-2031	1,625,000	712,462	434,226	74,621	2,059,226	787,083
2032-2036	1,125,000	432,205	267,062	12,829	1,392,062	445,034
2037-2041	825,000	247,500	-	-	825,000	247,500
2042-2046	825,000	82,500	-	-	825,000	82,500
	<u>\$ 6,795,000</u>	<u>\$ 2,614,882</u>	<u>\$ 1,115,616</u>	<u>\$ 223,911</u>	<u>\$ 7,910,616</u>	<u>\$ 2,838,793</u>

Interest incurred and expensed on general obligation bonds and loans payable for the year ended June 30, 2021, in the governmental and business-type activities totaled, \$181,905 and \$34,507, respectively.

Authorized, Unissued Bonds

As of June 30, 2021, the Town had authorized, but unissued bonds totaling \$140,210. Of this amount, \$60,000 is for general purposes, and \$80,210, is for educational purposes.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Connecticut Office of Policy and Management – Restructuring Funds

In September 2019, the Town, as a designated Tier II municipality under Connecticut General Statutes Section 7-576i, entered into an agreement with the Connecticut Office of Policy and Management (“OPM”) to receive \$500,000 in Municipal Restructuring Funds. The agreement contains an option to receive an additional \$400,000 at the Secretary of the OPM’s sole discretion. The Town received \$500,000 in September 2019 for the purpose of paying down outstanding obligations of the Town and to eliminate its General Fund balance deficit. The agreement does not bear an interest rate for repayment.

Repayment of the Municipal Restructuring Funds (“Restructuring Funds”) is scheduled to begin in the year following the first year the Town achieves a General Fund fund balance of at least 5% of expenditures. In that subsequent fiscal year, the Town shall repay OPM in the amount of 60% of the surplus for the year. For every year afterward in which the Town has a fund balance of at least 5%, but less than 7.5% of expenditures, the town will continue to reimburse OPM at 60% of the year’s surplus. Should the Town’s fund balance achieve 7.5% to 10% of expenditures, the reimbursement will decrease to 50% of the surplus. Any year in which the Town achieves a fund balance of 10% or more of expenditures, the reimbursement will be 50% of the year’s surplus. If within ten (10) years of receiving the Restructuring Funds, the cumulative reimbursements have not totaled the amount of Restructuring Funds received, the Town shall remit the balance at the end of the tenth year (June 30, 2030). If the repayment would negatively impact the Town’s ability to meet legal and other obligations, OPM, consistent with the intent of the Connecticut General Statutes 7-576i, may waive the final payment requirement.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide and proprietary fund financial statements.

Landfill Post-Closure Care Liability

The Town has a closed landfill with no further capacity or estimated useful life. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Monitoring costs for the next 3 years totals \$3,600. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year, the actual costs amounted to \$487.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 8 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Other Governmental Funds	Total
Nonspendable:						
Permanent Funds	\$ -	\$ -	\$ -	\$ -	\$ 1,250	\$ 1,250
Prepays	11,713	-	-	-	-	11,713
Inventories	7,296	-	-	-	-	7,296
Total Nonspendable	<u>19,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>20,259</u>
Restricted for:						
Road Maintenance	71,504	-	-	-	-	71,504
Community Development	-	-	-	301,469	-	301,469
Capital Purposes	-	9,419	-	-	-	9,419
Education	-	-	-	-	32,026	32,026
Total Restricted	<u>71,504</u>	<u>9,419</u>	<u>-</u>	<u>301,469</u>	<u>32,026</u>	<u>414,418</u>
Committed to:						
General Government	-	-	-	-	24,578	24,578
Public Safety	-	-	-	-	49,488	49,488
Capital Purposes	-	140,948	-	-	-	140,948
Total Committed	<u>-</u>	<u>140,948</u>	<u>-</u>	<u>-</u>	<u>74,066</u>	<u>215,014</u>
Assigned:						
Capital Projects	-	187,286	-	-	-	187,286
Total Assigned	<u>-</u>	<u>187,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,286</u>
Unassigned	256,851	(500,152)	(2,273)	-	(40)	(245,614)
Total Fund Balances	<u>\$ 347,364</u>	<u>\$ (162,499)</u>	<u>\$ (2,273)</u>	<u>\$ 301,469</u>	<u>\$ 107,302</u>	<u>\$ 591,363</u>

The Lovett Cemetery Fund, a nonmajor governmental fund, had a deficit unassigned fund balance of (\$40).

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 9 – RETIREMENT BENEFITS

Connecticut State Teacher’s Retirement System

Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers’ Retirement System (the “System”). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers’ Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov, or by writing to the State of Connecticut, Office of the State Comptroller, 165 Capital Avenue, Hartford, Connecticut 06106.

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions: Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts’ required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2021 the certified teachers’ contribution to the Connecticut Teachers Retirement Board was \$123,217. Covered payroll for the Town for the year ended June 30, 2021 was approximately \$1,760,242.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>7,711,632</u>
Total	\$	<u>7,711,632</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2021, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized benefits expense and contribution revenue of \$494,635 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,104,655 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Future cost-of-living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

The long-term expected rate of return on pension investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.60%
Developed Market Intl. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

TOWN OF SPRAGUE, CONNECTICUT

Notes to the Financial Statements

Connecticut Teachers' Retirement System - OPEB

Plan Description - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the system. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

Contributions - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$11,937.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.21%
Prior Measurement Date	3.50%

The projected fiduciary net position is projected to be depleted in 2021.

Single equivalent interest rate

Measurement Date	2.21%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.50%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023
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Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net 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 current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 939,224	\$ 1,150,190	\$ 1,440,422

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 1,403,581	\$ 1,150,190	\$ 951,927

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>1,150,190</u>
Total	\$	<u><u>1,150,190</u></u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2021, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$11,937 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$53,130 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Board of Education Other Post-Employment Benefits Plan

From an accrual accounting perspective, the cost of post-employment health care benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description – The Town provides certain health care benefits for retired employees through a single employer defined benefit plan administered by the Town of Sprague, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Funding Policy – Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retiree's health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements. Since the Town's liability is solely from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines.

Employees Covered by Benefit Terms - At July 1, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits		1
Active plan members		<u>26</u>
		<u><u>27</u></u>

Total OPEB Liability - The Town's total OPEB liability of \$277,715 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2019 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021 reporting date
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Salary Increases	2.60%
Discount Rate	2.16% as of June 30, 2021 and 2.21% as of June 30, 2020, which is based on the 20-year AA municipal bond index.
Mortality Rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety, and Teachers), projected to the valuation date with Scale MP-2019
Inflation	2.60% as of June 30, 2021
Healthcare Cost Trend Rates	6.50% in 2019, reducing by 0.20% each year to an ultimate rate of 4.60% per year rate for 2029 and later.

Changes of assumptions include a change in the mortality rates, investment rate of return, and OPEB election rate.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/20	\$ 265,201
Changes for the year:	
Service Cost	13,753
Interest	6,072
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(333)
Changes in Assumptions	1,505
Benefit Payments	(8,483)
Net Changes	12,514
Balance at 6/30/21	<u>\$ 277,715</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 310,342	\$ 277,715	\$ 249,616

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% decreasing to 3.60%) or 1-percentage-point higher (7.50% decreasing to 5.60%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 239,392	\$ 277,715	\$ 324,565

OPEB Expense: For the year ended June 30, 2021, the Town recognized OPEB expense of (\$14,609). As of June 30, 2021, deferred inflows and outflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,539	\$ 367,587
Changes of assumptions	18,999	16,123
Total	\$ 21,538	\$ 383,710

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

Year ended June 30:	
2022	\$ (31,145)
2023	(31,145)
2024	(31,145)
2025	(31,145)
2026	(31,145)
Thereafter	(206,447)
	\$ (362,172)

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering interlocal risk management program. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

NOTE 11 – TAX ABATEMENT

As an inducement for a private commercial venture to build and operate a solar photovoltaic facility (the Project) on approximately 114 acres located within the Town, the Town has entered into a 20-year tax abatement agreement, as permissible under Connecticut General Statutes Section 12-81(57)(F), effective July 1, 2016. Under the terms of the agreement, the Town of Sprague agrees to abate the combined real estate and personal property taxes on the Project in exchange for an annual payment of \$200,000 due and payable in the month of July of each of the 20 years. These payments shall be subject to collection and enforcement as real estate taxes as provided in the Connecticut General Statutes. Should any or all of a payment due under this agreement be in default for 90 days or more, the Town may declare the abatement to be void. During the year ended June 30, 2021, the Town received its schedule payment of \$200,000, while the abated taxes were estimated at \$420,457.

NOTE 12 – LITIGATION AND CONTINGENCIES

Litigation - The Town is not a defendant in any lawsuits that, in the opinion of Town Management, in consultation with the Town Attorney, will have an adverse, material effect on the Town's financial position.

Grants - The Town participates in several Federal and State assisted grants programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants – Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes, or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, it will owe a portion of the State funding back to the State.

For projects with a cost of two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

The Towns of Sprague, Bozrah, Franklin, Lebanon and Lisbon entered into an agreement effective July 1, 2010 to operate a regional animal control service. The Animal Control Service's Board of Directors has oversight responsibility over the entity. The board is composed of the First Selectman of each of the five towns. The animal control services net costs are funded on a per capita basis. The Town of Sprague maintains the financial records and the financial reports are prepared and presented by the Town of Sprague at the regular meetings of their Board of Directors.

NOTE 14 – LAND LEASE

In December 2019, the Town entered into an agreement to lease approximately 25.795 acres of Town owned land to a private commercial enterprise. Under the terms of the lease, which began December 6, 2019 and terminates on November 30, 2117, the lessee shall make one payment of \$325,000 upon commencement, and annual payments of \$5 starting January 1, 2021. The lease also includes a provision for the lessee to make an annual payment in lieu of taxes (PILOT). The unearned portion of the lease payment was \$319,749 and is included with Deferred Inflows of Resources on the government-wide statement of net position and General Fund balance sheet.

NOTE 15 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 87 – Leases - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

GASB Statement No. 91 – Conduit Debt Obligations – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

GASB Statement No. 92 – *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town’s reporting period beginning July 1, 2021.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

NOTE 16 – ADOPTION OF NEW ACCOUNTING STANDARD AND RESTATEMENTS

The Town previously reported the activities of the Student Activity Fund as fiduciary activities. As a result of the implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting change: the Student Activities Fund is now reported as a special revenue fund. The government-wide net position and nonmajor governmental funds fund balance were restated as a result of the implementation. In addition, the Sewer Bonds and Clean Water Fund loan balances for which payments were being made from sewer user fees were reclassified to the Water and Sewer Fund and a previously unrecorded capital asset was added. The results of the changes to the fund balance and net position are as follows:

	Governmental Activities	Business-Type Activities	Nonmajor Governmental Funds
Net position/fund balance as reported at June 30, 2020	\$ 20,354,888	\$ 3,907,979	\$ 103,441
Reclass Sewer portion of GO Bonds and CWF Loans	1,196,265	(1,196,265)	-
Add Capital Assets Excluded	-	41,183	-
Restate Beginning Net Position as a result of GASB84	21,973	-	21,973
Net position/fund balance as restated at July 1, 2020	\$ 21,573,126	\$ 2,752,897	\$ 125,414

**Required
Supplementary
Information**

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Property Taxes				
Current Year Taxes	\$ 5,658,523	\$ 5,658,523	\$ 5,707,923	\$ 49,400
PILOT Solar Farm	200,000	200,000	200,000	-
Prior Year Taxes	125,000	125,000	103,928	(21,072)
Interest and Lien Fees	55,000	55,000	58,876	3,876
Motor Vehicle Supplement	72,000	72,000	67,923	(4,077)
Total Property Taxes	<u>6,110,523</u>	<u>6,110,523</u>	<u>6,138,650</u>	<u>28,127</u>
Intergovernmental				
Education				
Education Cost Sharing	2,668,094	2,668,094	2,660,052	(8,042)
Total Education	<u>2,668,094</u>	<u>2,668,094</u>	<u>2,660,052</u>	<u>(8,042)</u>
Local				
Telecommunications Property Grant	5,221	5,221	5,544	323
MRSA Municipal Projects	386,528	386,528	386,528	-
PILOT State Property	6,156	6,156	6,156	-
Mashantucket Pequot Grant	17,479	17,479	17,479	-
Veterans Tax Relief	2,574	2,574	2,574	-
Disability Exemption Reimbursement	894	894	691	(203)
Judicial 10th Circuit	1,000	1,000	840	(160)
Emergency Management Agency	2,800	2,800	-	(2,800)
Town Aid Roads (TAR)	151,738	151,738	152,349	611
Elderly and Disabled Transportation Grant	8,543	8,543	11,391	2,848
Other Grants	-	-	66,071	66,071
Total Local	<u>582,933</u>	<u>582,933</u>	<u>649,623</u>	<u>66,690</u>
Total Intergovernmental	<u>3,251,027</u>	<u>3,251,027</u>	<u>3,309,675</u>	<u>58,648</u>
Licenses, Permits, and Charges for Services				
License and Permit Fees	1,000	1,000	3,495	2,495
Building Permit Fees	25,000	25,000	54,581	29,581
Dog License Fees	1,500	1,500	1,306	(194)
Land Records, Maps, Etc.	10,000	10,000	19,927	9,927
Conveyance Tax	17,000	17,000	45,823	28,823
Copies and Fax Machine	5,000	5,000	6,371	1,371
Permit Fees, Planning and Zoning, Inlands and Wetlands	3,500	3,500	2,184	(1,316)
Landfill Receipts	23,000	23,000	21,389	(1,611)
Newsletter	2,000	2,000	1,452	(548)
Marriage Licenses	150	150	160	10
Waste Management	52,000	52,000	56,959	4,959
Transportation Subsidy (SCRRRA)	2,000	2,000	-	(2,000)
Farmland Preservation	950	950	1,119	169
Sportsman Licenses	150	150	103	(47)
Total Licenses, Permits, and Charges for Services	<u>143,250</u>	<u>143,250</u>	<u>214,869</u>	<u>71,619</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Other Revenues				
State Police Overtime Reimbursement	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Principal Subsidy for Resv. Dam Project	45,000	45,000	45,000	-
Interest Subsidy for Resv. Dam Project	23,508	23,508	23,508	-
Sundry Receipts	400	400	190	(210)
Miscellaneous	-	-	8,595	8,595
Total Other Revenues	<u>83,908</u>	<u>83,908</u>	<u>77,293</u>	<u>(6,615)</u>
Investment Income	<u>3,000</u>	<u>3,000</u>	<u>1,231</u>	<u>(1,769)</u>
Total Revenues	<u><u>9,591,708</u></u>	<u><u>9,591,708</u></u>	<u><u>9,741,718</u></u>	<u><u>150,010</u></u>
EXPENDITURES				
General Government				
Board of Selectmen	91,227	91,304	91,304	-
Elections	23,007	23,007	18,000	5,007
Board of Finance	188	188	188	-
Auditing	23,200	23,200	19,923	3,277
Bookkeeper	29,392	29,392	29,380	12
Tax Assessor	25,425	25,425	24,389	1,036
Tax Collector	28,907	28,907	28,056	851
Town Treasurer	2,400	2,400	2,400	-
Town Counsel and Financial Advisor	27,000	21,691	18,847	2,844
Town Clerk	53,170	53,505	53,505	-
Telephone Services and Website	11,500	12,157	12,157	-
Pool Secretaries	58,781	58,781	57,848	933
Town Office Building	37,322	37,322	33,849	3,473
Planning and Zoning Commission	20,797	20,797	16,465	4,332
Land Use	800	800	487	313
Economic Development	900	900	225	675
Conservation Commission	1,100	1,100	411	689
Conservation/Wetlands Enforcement Officer	6,500	7,950	7,950	-
Highways	360,335	360,335	360,101	234
Tree Maintenance	18,300	18,300	17,393	907
Street Lighting	17,000	17,000	16,027	973
Social Security	56,110	56,110	52,023	4,087
Deferred Compensation	16,471	16,471	16,336	135
Regional Planning Agencies	38,862	38,862	37,597	1,265
Insurance	236,445	236,445	220,347	16,098
Police Department	177,665	177,665	155,074	22,591
Fire Department	120,290	120,290	120,217	73
Emergency Management	4,030	4,030	3,977	53
Fire Marshal	11,729	11,729	10,573	1,156
Building Official	21,466	21,466	19,989	1,477
Blight Enforcement Officer	3,891	3,891	3,741	150
Sanitation and Waste Removal	70,000	70,000	68,028	1,972
Waste Management	63,000	63,000	58,186	4,814
Commission on Aging	79,481	79,481	58,043	21,438
Capital Projects	14,700	14,700	12,919	1,781

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
General Government (Continued)				
Parks and Playground	\$ 750	\$ 1,050	\$ 1,050	\$ -
Recreation Facilities	1,825	1,825	1,560	265
Recreation Events	5,150	5,150	772	4,378
Other Recreation Programs	1,250	1,250	-	1,250
Grist Mill	23,163	23,814	23,813	1
Historical Museum	2,130	2,130	200	1,930
Library	82,076	82,076	64,996	17,080
Miscellaneous	20,975	20,975	13,933	7,042
Water and Sewer Authority	8,500	8,500	6,907	1,593
Computer Service and Supplies	53,433	53,433	51,519	1,914
Total General Government	<u>1,950,643</u>	<u>1,948,804</u>	<u>1,810,705</u>	<u>138,099</u>
Education				
Board of Education	<u>6,688,595</u>	<u>6,688,595</u>	<u>6,470,181</u>	<u>218,414</u>
Debt Service				
Principal Payments	730,000	731,839	731,839	-
Interest and Fiscal Charges	<u>159,625</u>	<u>159,625</u>	<u>155,375</u>	<u>4,250</u>
Total Debt Service	<u>889,625</u>	<u>891,464</u>	<u>887,214</u>	<u>4,250</u>
Total Expenditures	<u>9,528,863</u>	<u>9,528,863</u>	<u>9,168,100</u>	<u>360,763</u>
Excess (Deficiency) of Revenues				
Over Expenditures	62,845	62,845	573,618	510,773
Other Financing Sources and (Uses)				
Appropriation from Fund Balance	-	150,000	-	(150,000)
Transfers Out - Capital Nonrecurring Fund	<u>(22,000)</u>	<u>(172,000)</u>	<u>(172,000)</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>(22,000)</u>	<u>(22,000)</u>	<u>(172,000)</u>	<u>(150,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis				
	<u>\$ 40,845</u>	<u>\$ 40,845</u>	401,618	<u>\$ 360,773</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			506,572	
Expenditures from Teachers' Retirement and OPEB			(506,572)	
Some Education Grants are Reported Net on the Budget Basis				
Revenues from Education Grants			115,416	
Expenditures from Education Grants			(115,416)	
Certain COVID Grants Net for Budget Basis				
Revenues from Grants			25,080	
Expenditures from Grants			(25,080)	
Water and Sewer Payments to Town for Debt Service				
Transfers in from Water and Sewer			68,508	
Payment of Water and Sewer Debt			(68,508)	
Change in Accrued Payroll - Town			<u>(5,948)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis			<u>\$ 395,670</u>	

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
State Teachers' Retirement System
Proportionate Share of Net Pension Liability
Last Seven Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

	2021	2020	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>7,711,632</u>	<u>8,098,759</u>	<u>6,244,614</u>	<u>6,917,597</u>	<u>7,298,118</u>	<u>5,540,211</u>	<u>5,120,815</u>
Total	<u>\$ 7,711,632</u>	<u>\$ 8,098,759</u>	<u>\$ 6,244,614</u>	<u>\$ 6,917,597</u>	<u>\$ 7,298,118</u>	<u>\$ 5,540,211</u>	<u>\$ 5,120,815</u>
Town's covered payroll	<u>\$ 1,760,242</u>	<u>\$ 1,750,278</u>	<u>\$ 1,977,969</u>	<u>\$ 1,927,845</u>	<u>\$ 2,063,242</u>	<u>\$ 2,059,331</u>	<u>\$ 1,905,034</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	6.90% net of investment related expense

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
State Teacher's Retirement System
Proportionate Share of Net OPEB Liability
Last Four Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	2021	2020	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	1,150,190	1,263,046	1,248,358	1,780,523
Total	\$ 1,150,190	\$ 1,263,046	\$ 1,248,358	\$ 1,780,523
Town's covered payroll	\$ 1,760,242	\$ 1,750,278	\$ 1,977,969	\$ 1,927,845
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over a closed period
Amortization Period	30 years
Asset Valuation Method	Market value of assets
Investment Rate of Return	3.00%, net of investment related expense including price inflation
Price Inflation	2.50%

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
Other Post-Employment Benefits Plan - Board of Education
Schedule of Changes in Total OPEB Liability
Last Four Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 13,753	\$ 23,230	\$ 20,633	\$ 20,930
Interest	6,072	23,224	24,077	21,838
Differences Between Expected and Actual Experience	(333)	(410,287)	(21,666)	3,595
Changes of Assumptions	1,505	(4,063)	22,587	(17,926)
Benefit Payments	<u>(8,483)</u>	<u>(10,582)</u>	<u>(6,855)</u>	<u>(25,011)</u>
Net Change in Total OPEB Liability	12,514	(378,478)	38,776	3,426
Total OPEB Liability - Beginning	<u>265,201</u>	<u>643,679</u>	<u>604,903</u>	<u>601,477</u>
Total OPEB Liability - Ending*	<u>\$ 277,715</u>	<u>\$ 265,201</u>	<u>\$ 643,679</u>	<u>\$ 604,903</u>
Covered Payroll	\$ 1,795,785	\$ 1,750,278	\$ 1,977,969	\$ 1,927,845
Total OPEB Liability as a Percentage of Covered Payroll	15.46%	15.15%	32.54%	31.38%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

** There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

Notes to Schedule

Measurement Date	June 30, 2021
Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	2.16% (Prior 2.21%)
Salary Increases	2.60%
Healthcare Cost Trend Rates	6.50% in 2019, decreases by 0.2% per year down to 4.6% in 2029 and beyond. Prior: 7.5% in 2017, decreases by 0.5% per year down to 4.6% in 2023 and beyond.
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, projected to valuation date with Scale MP-2019. Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2019.

See accountant's report.

**Supplemental, Combining
and Individual Fund
Statements and Schedules**

TOWN OF SPRAGUE, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	SPECIAL REVENUE FUNDS				
	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund
Assets					
Cash and Cash Equivalents	\$ 10,036	\$ 49,488	\$ 3,877	\$ -	\$ 2,247
Inventories	-	-	1,346	-	-
Due from Other Funds	-	-	2,970	13,984	-
Total Assets	<u>\$ 10,036</u>	<u>\$ 49,488</u>	<u>\$ 8,193</u>	<u>\$ 13,984</u>	<u>\$ 2,247</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	8,193	-	2,247
Committed	10,036	49,488	-	13,984	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>10,036</u>	<u>49,488</u>	<u>8,193</u>	<u>13,984</u>	<u>2,247</u>
Total Liabilities and Fund Balances	<u>\$ 10,036</u>	<u>\$ 49,488</u>	<u>\$ 8,193</u>	<u>\$ 13,984</u>	<u>\$ 2,247</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	SPECIAL REVENUE FUNDS		PERMANENT FUND	Total
	Student Activity Fund	Senior Smile Fund	Lovett Cemetery Fund	
Assets				
Cash and Cash Equivalents	\$ 21,586	\$ 558	\$ 1,210	\$ 89,002
Inventories	-	-	-	1,346
Due from Other Funds	-	-	-	16,954
Total Assets	<u>\$ 21,586</u>	<u>\$ 558</u>	<u>\$ 1,210</u>	<u>\$ 107,302</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	1,250	1,250
Restricted	21,586	-	-	32,026
Committed	-	558	-	74,066
Unassigned	-	-	(40)	(40)
Total Fund Balances	<u>21,586</u>	<u>558</u>	<u>1,210</u>	<u>107,302</u>
Total Liabilities and Fund Balances	<u>\$ 21,586</u>	<u>\$ 558</u>	<u>\$ 1,210</u>	<u>\$ 107,302</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2021

	SPECIAL REVENUE FUNDS				
	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund
Revenues					
Intergovernmental Revenues	\$ 121	\$ -	\$ 146,108	\$ -	\$ -
Charges for Services	-	-	7,909	-	-
Interest Income	1	-	-	-	1
Other Revenue	6,655	-	-	-	-
Total Revenues	<u>6,777</u>	<u>-</u>	<u>154,017</u>	<u>-</u>	<u>1</u>
Expenditures					
General Government	200	1	-	272	-
Education	-	-	178,157	-	215
Total Expenditures	<u>200</u>	<u>1</u>	<u>178,157</u>	<u>272</u>	<u>215</u>
Excess/(Deficiency) of Revenues Over Expenditures	6,577	(1)	(24,140)	(272)	(214)
Other Financing Sources/(Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,577	(1)	(24,140)	(272)	(214)
Fund Balances at Beginning of Year, Restated	<u>3,459</u>	<u>49,489</u>	<u>32,333</u>	<u>14,256</u>	<u>2,461</u>
Fund Balances at End of Year	<u>\$ 10,036</u>	<u>\$ 49,488</u>	<u>\$ 8,193</u>	<u>\$ 13,984</u>	<u>\$ 2,247</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	SPECIAL REVENUE FUNDS		PERMANENT FUND	Total
	Student Activity Fund	Senior Smile Fund	Lovett Cemetery Fund	
Revenues				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 146,229
Charges for Services	7,959	-	-	15,868
Interest Income	3	-	-	5
Other Revenue	-	580	-	7,235
Total Revenues	<u>7,962</u>	<u>580</u>	<u>-</u>	<u>169,337</u>
Expenditures				
General Government	-	255	-	728
Education	8,349	-	-	186,721
Total Expenditures	<u>8,349</u>	<u>255</u>	<u>-</u>	<u>187,449</u>
Excess/(Deficiency) of Revenues Over Expenditures	(387)	325	-	(18,112)
Other Financing Sources/(Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(387)	325	-	(18,112)
Fund Balances at Beginning of Year, Restated	21,973	233	1,210	125,414
Fund Balances at End of Year	<u>\$ 21,586</u>	<u>\$ 558</u>	<u>\$ 1,210</u>	<u>\$ 107,302</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Debt Limitation

June 30, 2021

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 5,734,093

Reimbursement for Revenue Loss on:

 Tax Relief for Elderly - Prior Fiscal Year -

Base \$ 5,734,093

	General Purposes <small>(2.25 x base)</small>	Schools <small>(4.50 x base)</small>	Sewers <small>(3.75 x base)</small>	Urban Renewal <small>(3.25 x base)</small>	Pension Deficit <small>(3.00 x base)</small>
Debt Limitation:					
Statutory Debt Limits by Function	\$ 12,901,709	\$ 25,803,419	\$ 21,502,849	\$ 18,635,802	\$ 17,202,279
Indebtedness:					
Bonds Payable	6,255,670	474,251	650,079	-	-
CWF Loans Payable	-	-	530,616	-	-
Authorized but Unissued Debt	60,000	80,210	-	-	-
Total Indebtedness	6,315,670	554,461	1,180,695	-	-
Debt Limitation in Excess of Debt*	\$ 6,586,039	\$ 25,248,958	\$ 20,322,154	\$ 18,635,802	\$ 17,202,279

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$40,138,651.

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2021

List of 10/1:	Outstanding July 1, 2020	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year				Transfers to Suspense	Outstanding June 30, 2021
			Additions	Deductions		Taxes	Interest	Liens	Total		
2019		\$ 5,917,159	\$ 4,346	\$ 29,990	\$ 5,891,515	\$ 5,771,211	\$ 25,186	\$ 72	\$ 5,796,469	\$ -	\$ 120,304
2018	\$ 133,607	-	2,432	108	135,931	88,247	17,648	624	106,519	-	47,684
2017	36,196	-	762	2,566	34,392	11,327	3,464	92	14,883	15,209	7,856
2016	6,364	-	-	1,628	4,736	2,843	1,482	24	4,349	-	1,893
2015	1,772	-	-	-	1,772	-	-	-	-	-	1,772
2014	1,773	-	-	-	1,773	-	-	-	-	-	1,773
2013	(19)	-	-	-	(19)	-	-	-	-	-	(19)
2012	6	-	-	-	6	-	-	-	-	-	6
2011	95	-	-	-	95	-	-	-	-	-	95
2010	(103)	-	-	-	(103)	-	-	-	-	-	(103)
2009	(32)	-	-	-	(32)	-	-	-	-	-	(32)
2008	108	-	-	-	108	-	-	-	-	-	108
2007	108	-	-	-	108	-	-	-	-	-	108
2006	109	-	-	-	109	-	-	-	-	-	109
2005	101	-	-	-	101	-	-	-	-	-	101
	\$ 180,085	\$ 5,917,159	\$ 7,540	\$ 34,292	\$ 6,070,492	5,873,628	47,780	812	5,922,220	\$ 15,209	\$ 181,655

Net Grand List - October 1, 2019

Tax Rate: 35.75 mills

Total Suspense Collections	5,056	4,195	-	9,251
Total Collections	\$ 5,878,684	\$ 51,975	\$ 812	\$ 5,931,471

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Expenditures

Budget and Actual (Budgetary Basis) - General Fund - Board of Education
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
1000 - Regular Instruction				
1000.51110. Wages Paid to Teachers	\$ 1,099,543	\$ 1,059,708	\$ 1,059,708	\$ -
1000.51120. Wages Paid to Instructional Aides	44,531	44,531	40,227	4,304
1000.51130. Wages Paid to Substitute Teachers	705	734	734	-
1000.52100. Group Life Insurance- Regular	20,749	20,662	19,044	1,618
1000.52500. Tuition Reimbursement	10,000	10,000	2,726	7,274
1000.52800. Health Insurance - Regular	269,065	234,042	234,042	-
1000.53200. Substitutes - Regular Education	12,000	12,000	-	12,000
1000.53230. Purchased Pupil Services	1,250	1,250	-	1,250
1000.54420. Equipment Leasing	21,064	21,064	17,306	3,758
1000.56100. General Supplies - Regular Education	7,000	5,550	4,425	1,125
1000.56110. Instructional Supplies - Regular Education	3,000	3,374	3,374	-
1000.56400. Workbooks/Disposables	10,000	6,317	2,029	4,288
1000.56410. Textbooks	3,000	48,268	48,405	(137)
1000.56501. Ink and Toner	8,000	8,000	6,645	1,355
1000.58100. Dues & Fees	9,553	9,954	9,954	-
	<u>1,519,460</u>	<u>1,485,454</u>	<u>1,448,619</u>	<u>36,835</u>
1200 - Special Education				
1200.51110. Wages Paid to Teachers	316,899	334,356	334,356	-
1200.51120. Wages Paid to Instructional Aides	229,662	169,404	169,404	-
1200.51901. Wages Paid - Other Non Certified Staff	84,549	81,374	80,861	513
1200.52100. Group Life Insurance - SPED	891	862	787	75
1200.52200. FICA/Medicare Employer	31,891	31,891	25,614	6,277
1200.52300. Pension Contributions	3,382	3,382	3,382	-
1200.52800. Health Insurance	228,432	197,011	196,894	117
1200.53200. Substitutes - SPED	10,000	-	-	-
1200.53230. Purchased Pupil Services	29,000	48,659	37,947	10,712
1200.53300. Other Prof/Tech Services	2,500	2,500	660	1,840
1200.55800. Travel Reimbursement	1,200	1,200	28	1,172
1200.56100. General Supplies- Special Education	1,000	1,000	737	263
1200.56110. Instructional Supplies	1,000	1,747	1,747	-
1200.56400. Workbooks/Disposables	500	728	728	-
1200.58100. Dues & Fees	760	629	550	79
	<u>941,666</u>	<u>874,743</u>	<u>853,695</u>	<u>21,048</u>
1300 - Adult Education - Cooperative				
1300.55690. Tuition - Adult Cooperative	<u>16,050</u>	<u>16,050</u>	<u>14,091</u>	<u>1,959</u>
1500 - Stipends - Extracurricular				
1500.51930. Extra Curricular Stipends Paid	11,809	12,966	12,966	-
1500.52200. FICA/Medicare Employer	-	-	-	-
	<u>11,809</u>	<u>12,966</u>	<u>12,966</u>	<u>-</u>
1600 - Summer School				
1600.51110. Wages Paid to Teachers - Summer School	1,310	1,310	-	1,310
1600.51120. Wages Paid to Inst Aides - Summer School	950	950	-	950
1600.51901. Wages Paid - Other Non-Cert - Summer School	1,430	1,430	-	1,430
1600.52200. FICA/Medicare Employer - Summer School	200	200	-	200
	<u>3,890</u>	<u>3,890</u>	<u>-</u>	<u>3,890</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Expenditures
Budget and Actual (Budgetary Basis) - General Fund - Board of Education
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
1700 - Tutoring				
1700.000100.51110. Wages Paid to Teachers - Reg Ed	\$ 4,000	\$ 2,977	\$ -	\$ 2,977
1700.000100.52200. FICA/Medicare Employer - Reg Ed	700	700	-	700
1700.000100.53230. Purchased Pupil Services - Reg Ed	6,000	6,000	-	6,000
1700.000200.51120. Wages Paid to Instructional Aides - Spec Ed	8,000	8,000	-	8,000
1700.000200.53230. Purchased Pupil Services - Spec Ed	-	1,023	1,891	(868)
	<u>18,700</u>	<u>18,700</u>	<u>1,891</u>	<u>16,809</u>
1800 - Stipends - Sports Teams				
1800.51930. Sports Teams Stipends Paid	16,283	-	-	-
1800.52200. FICA/Medicare Employer	1,245	1,245	-	1,245
1800.53540. Sports Officials	3,570	3,570	-	3,570
	<u>21,098</u>	<u>4,815</u>	<u>-</u>	<u>4,815</u>
2110 - Social Work Services				
2110.51900. Wages Paid - Social Worker	64,463	41,506	41,506	-
2110.52100. Group Life Insurance - Social Worker	38	38	21	17
2110.52200. FICA/Medicare Employer	935	935	592	343
2110.52800. Health Insurance - Social Worker	1,410	3,943	2,367	1,576
2110.56100. Supplies - Social Worker	200	158	-	158
2110.56110. Instructional Supplies	-	350	350	-
	<u>67,046</u>	<u>46,930</u>	<u>44,836</u>	<u>2,094</u>
2130 - Health Office				
2130.51901. Wages Paid - School Nurse	76,050	77,186	77,186	-
2130.51910. Wages Paid - Nurse Substitutes	4,000	2,864	-	2,864
2130.51930. Nursing Stipends Paid	2,000	2,000	2,000	-
2130.52100. Group Life Insurance - Health Office	76	76	76	-
2130.52200. FICA/Medicare Employer	8,078	8,078	7,955	123
2130.52800. Health Insurance - Health Office	10,933	10,933	10,520	413
2130.53230. Purchased Pupil Services	585	585	-	585
2130.53300. Other Prof/Tech Services	-	600	600	-
2130.54300. Repairs & Maint Equipment	200	200	-	200
2130.55800. Conference/Travel - Health Office	700	100	-	100
2130.56100. Supplies	2,400	12,442	12,442	-
2130.56430. Professional Periodicals	100	100	27	73
2130.58100. Dues & Fees	600	330	330	-
	<u>105,722</u>	<u>115,494</u>	<u>111,136</u>	<u>4,358</u>
2140 - Psychological Services				
2140.51900. Wages Paid - School Psychologist	50,323	50,323	50,323	-
2140.52100. Group Life Insurance - Psychologist	38	38	38	-
2140.52200. FICA/Medicare Employer	730	730	689	41
2140.52800. Health Insurance	10,090	10,090	9,619	471
2140.53230. Purchased Pupil Services	2,000	2,000	-	2,000
2140.56100. Assessment Supplies	2,000	2,000	885	1,115
2140.56110. Instructional Supplies	200	200	63	137
	<u>65,381</u>	<u>65,381</u>	<u>61,617</u>	<u>3,764</u>
2150 - Speech & Audiology Services				
2150.53230. Purchased Pupil Services	63,389	66,687	66,687	-
2150.56100. Supplies	775	651	367	284
	<u>64,164</u>	<u>67,338</u>	<u>67,054</u>	<u>284</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Expenditures
Budget and Actual (Budgetary Basis) - General Fund - Board of Education
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
2160 - PT/OT Services				
2160.53230. Purchased Pupil Services	\$ -	\$ 22,098	\$ 22,098	\$ -
2160.56100. Supplies	-	124	124	-
	-	22,222	22,222	-
2210 - Improvement of Instruction				
2210.53220. In Service	4,000	4,000	80	3,920
2210.55800. Conference/Travel - Professional Development	6,000	169	-	169
2210.56100. Supplies	2,000	2,000	-	2,000
	12,000	6,169	80	6,089
2230 - Technology				
2230.51901. Wages Paid - Technology Staff	12,314	12,475	12,475	-
2230.52100. Group Life Insurance - Technology	8	8	8	-
2230.52200. FICA/Medicare Employer	942	942	932	10
2230.52300. Pension Contributions - Technology	492	492	493	(1)
2230.52800. Health Insurance - Technology	2,187	2,187	2,104	83
2230.53520. Other Technical Services	74,160	94,139	94,139	-
2230.56100. Supplies	500	500	260	240
2230.56500. Technology Supplies	2,000	2,000	1,736	264
2230.57340. Technology Hardware - Instructional	1,000	1,000	84,355	(83,355)
2230.57341. Technology Hardware - Non-Instructional	3,000	184,453	101,098	83,355
2230.57350. Software - Instructional	12,725	4,074	4,074	-
2230.57351. Software - Non-Instructional	25,920	34,865	34,865	-
	135,248	337,135	336,539	596
2310 - Board of Education				
2310.51901. Wages Paid - Non-Certified Staff	12,000	12,049	12,049	-
2310.52100. Group Life Insurance - BOE Office	8	8	8	-
2310.52200. FICA/Medicare Employer - BOE Office	918	918	864	54
2310.52300. Pension Contributions - BOE Office	480	480	480	-
2310.52600. Unemployment Compensation - BOE Office	3,000	3,000	507	2,493
2310.52700. Workers' Compensation - BOE Office	23,527	23,527	21,530	1,997
2310.52800. Health Insurance - BOE Office	5,799	5,799	5,567	232
2310.53020. Legal Services - BOE Office	25,825	20,000	20,000	-
2310.55200. Property/Liability Insurance - BOE Office	20,244	20,244	19,712	532
2310.55400. Advertising - BOE Office	500	6,463	6,463	-
2310.55800. Conference/Travel - BOE Office	300	300	25	275
2310.56100. Supplies - BOE Office	1,400	1,716	1,716	-
2310.58100. Dues & Fees - BOE Office	2,416	11,480	11,480	-
2310.58900. Graduation Costs - BOE Office	1,000	1,000	999	1
	97,417	106,984	101,400	5,584
2320 - Superintendents Office				
2320.51900. Wages Paid - Superintendent	75,500	76,800	76,800	-
2320.51901. Wages Paid - Non-Certified Staff	12,000	12,049	12,049	-
2320.52100. Group Life Insurance - Superintendent Office	134	113	8	105
2320.52200. FICA/Medicare Employer	2,049	2,049	1,977	72
2320.52300. Pension Contributions - Superintendent's Office	480	480	480	-
2320.52800. Health Insurance - Superintendent's Office	5,799	5,799	5,567	232
2320.55800. Conference/Travel - Superintendent's Office	1,000	1,000	-	1,000
2320.56100. Supplies - Superintendent's Office	300	216	78	138
2320.58100. Dues & Fees - Superintendent's Office	1,561	3,540	3,540	-
	98,823	102,046	100,499	1,547

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Expenditures
Budget and Actual (Budgetary Basis) - General Fund - Board of Education
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
2400 - School Administration Office				
2400.51900. Wages Paid - Principal	\$ 120,000	\$ 120,000	\$ 116,246	\$ 3,754
2400.51901. Wages Paid - Non-Certified Staff	59,839	50,488	47,994	2,494
2400.52100. Group Life Insurance - School Administration Office	164	164	166	(2)
2400.52200. FICA/Medicare Employer	5,137	5,224	5,224	-
2400.52300. Pension Contributions - School Admin Office	1,811	1,811	209	1,602
2400.52800. Health Insurance - School Administration Office	31,957	31,957	25,373	6,584
2400.53300. Other Professional Services	2,000	2,000	-	2,000
2400.55301. Postage	3,500	3,500	3,465	35
2400.55800. Conference/Travel - School Administration Office	750	750	-	750
2400.56100. Supplies	2,500	2,163	1,534	629
2400.58100. Dues & Fees	1,014	1,630	1,630	-
	<u>228,672</u>	<u>219,687</u>	<u>201,841</u>	<u>17,846</u>
2510 - Business Office				
2510.51901. Wages Paid - Non Certified Staff	89,623	89,623	89,488	135
2510.52100. Group Life Insurance - Business Office	68	68	68	-
2510.52200. FICA/Medicare Employer	6,856	6,856	6,769	87
2510.52300. Pension Contributions - Business Office	1,970	1,970	1,970	-
2510.52800. Health Insurance - Business Office	8,746	8,746	8,416	330
2510.53300. Other Professional Services - Business Office	15,000	14,862	13,287	1,575
2510.53410. Audit/Accounting Services - Business Office	25,750	21,159	18,837	2,322
2510.55800. Conference/Travel - Business Office	300	300	-	300
2510.56100. Supplies - Business Office	1,000	1,084	1,084	-
	<u>149,313</u>	<u>144,668</u>	<u>139,919</u>	<u>4,749</u>
2600 - Buildings & Grounds				
2600.51901. Wages Paid - Custodial Staff	110,603	99,715	99,715	-
2600.52100. Group Life Insurance- Maintenance Department	76	97	97	-
2600.52200. FICA/Medicare Employer	8,576	8,576	7,760	816
2600.52300. Pension Contributions - Maintenance Office	3,451	3,451	2,958	493
2600.52800. Health Insurance - Maintenance	18,807	10,555	10,520	35
2600.54010. Purchased Property Services	23,075	28,933	28,933	-
2600.54101. Rubbish Removal	7,935	7,935	7,867	68
2600.54300. Equipment Repairs & Maint	5,000	7,394	7,394	-
2600.54301. Building Repairs & Maint	5,000	21,270	21,270	-
2600.54411. Water	2,500	2,500	2,025	475
2600.54412. Sewer	1,700	1,700	1,264	436
2600.55300. Communications - Telephone & Internet	11,000	15,591	15,591	-
2600.55800. Conference/Travel - Building Maintenance	100	100	-	100
2600.56100. General Supplies - Maintenance Department	16,000	9,867	9,301	566
2600.56220. Electricity	60,550	58,875	57,317	1,558
2600.56230. Liquid Propane	11,000	12,675	12,675	-
2600.56240. Heating Oil	16,976	23,109	23,109	-
2600.56260. Gasoline	400	597	597	-
2600.57300. Equipment - Non Instructional	-	5,831	5,831	-
	<u>302,749</u>	<u>318,771</u>	<u>314,224</u>	<u>4,547</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Expenditures
Budget and Actual (Budgetary Basis) - General Fund - Board of Education
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
2700 - Student Transportation				
2700.55100. Contracted Pupil Transp Reg	\$ 375,949	\$ 375,949	\$ 370,513	\$ 5,436
2700.55108. Contracted Pupil Transp Spec Ed HS	112,250	56,759	56,759	-
2700.55109. Contracted Pupil Transp Spec Ed Elem	55,000	34,260	34,260	-
2700.55150. Contracted Pupil Transp Athletics/Ext Curr	8,775	3,191	-	3,191
2700.55151. Contracted Pupil Transp Field Trips	2,500	2,500	522	1,978
2700.56260. Gasoline	35,000	18,533	17,389	1,144
	<u>589,474</u>	<u>491,192</u>	<u>479,443</u>	<u>11,749</u>
6000 - HS Tuition				
6000.000100.55610. Tuition- HS Regular Ed - Public Schools	1,297,758	1,285,805	1,271,400	14,405
6000.000200.55610. Tuition- HS Special Ed - Public Schools	572,941	502,026	457,966	44,060
6000.000200.55630. Tuition- HS Special Ed - Private Schools	175,688	175,688	175,106	582
	<u>2,046,387</u>	<u>1,963,519</u>	<u>1,904,472</u>	<u>59,047</u>
6100 - Elementary Tuition				
6100.000100.55660. Tuition - Elem Magnet Schools	45,627	116,542	33,558	82,984
6100.000200.55631. Tuition - Elem Special Ed - Private Schools	147,899	147,899	137,095	10,804
6100.000200.55660. Tuition - Elem Special Ed Magnet Schools	-	-	82,984	(82,984)
	<u>193,526</u>	<u>264,441</u>	<u>253,637</u>	<u>10,804</u>
Total Expenditures	\$ 6,688,595	\$ 6,688,595	\$ 6,470,181	\$ 218,414

See accountant's report.

**Other
Supplemental
Schedules**

TOWN OF SPRAGUE, CONNECTICUT

Comparative Assessed Valuations

For the Year Ended June 30, 2021

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
2019	72.4%	16.7%	10.9%	\$ 187,986,930	\$ 24,486,866	\$ 163,500,064
2018	72.0%	17.5%	10.5%	188,797,914	25,974,994	162,822,920
2017 *	77.2%	11.6%	11.2%	175,873,734	13,567,804	162,305,930
2016	75.9%	13.5%	10.6%	183,191,120	9,216,660	173,974,460
2015	78.2%	11.3%	10.5%	178,179,022	8,955,890	169,223,132
2014	77.3%	12.2%	10.5%	180,228,730	9,470,000	170,758,730
2013	77.8%	11.7%	10.5%	179,356,040	13,768,970	165,587,070
2012 *	79.2%	10.3%	10.5%	175,462,651	11,576,410	163,886,241
2011	78.0%	13.0%	9.0%	205,875,020	17,624,130	188,250,890
2010	77.7%	13.7%	8.6%	207,113,150	21,640,170	185,472,980

*Revaluation year

Source: Assessor's Office, Town of Sprague, as of October 1 (before Supplemental Motor Vehicle)

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Top 10 Taxpayers

Based on 10/1/19 Net Taxable Grand Lists

<u>Name</u>	<u>Nature of Business</u>	<u>Valuation</u>	<u>Percent of Net Taxable Grand List</u>
AMGRAPH Packaging, Inc.	Printing and Packaging	\$ 14,477,920	8.85%
Fusion Solar Center LLC	Utility	11,761,030	7.19%
Eversource	Utility	3,216,750	1.97%
Mohegan Golf LLC	Golf Course	2,261,460	1.38%
Oak Tree Packaging Corporation	Boxboard & Printing	1,696,170	1.04%
Yankee Gas Services Company	Utility	1,128,960	0.69%
Laliberte, Keith	Real Estate - Rentals	879,270	0.54%
AVL Investments LLC	Real Estate - Apartments	575,090	0.35%
Pine Tree Holdings LLC	Manufacturing	484,640	0.30%
IBC Associates LLC	Real Estate - Apartments	428,250	0.26%
		<u>\$ 36,909,540</u>	<u>22.57%</u>

Source: Assessor's Office, Town of Sprague

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Property Tax Levies and Collections

For the Year Ended June 30, 2021

Grand List October 1,	Fiscal Year Ending June 30,	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy	Percent Collected in Year Due	Percent Uncollected in Year Due	Percent Uncollected at June 30, 2021
2019	2021	\$ 163,500,064	35.75	\$ 5,891,515	98.0%	2.0%	2.0%
2018	2020	162,822,920	34.75	5,711,647	97.7%	2.3%	0.8%
* 2017	2019	162,305,930	33.25	5,432,764	97.8%	2.2%	0.1%
2016	2018	173,974,460	32.00	5,169,457	97.7%	2.3%	0.0%
2015	2017	169,223,132	31.50	5,377,997	91.8%	8.2%	0.0%
2014	2016	170,758,730	31.00	5,382,997	90.7%	9.3%	0.0%
2013	2015	165,587,070	31.00	5,148,379	93.4%	6.6%	0.0%
* 2012	2014	163,886,241	30.00	4,946,649	97.5%	2.5%	0.0%
2011	2013	188,250,890	26.75	4,907,229	96.7%	3.3%	0.0%
2010	2012	185,472,980	30.00	4,791,589	96.8%	3.2%	0.0%

*Revaluation year

Source: Tax Collector's Office and Assessor's Office, Town of Sprague

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
Annual Long-Term Bonded Debt Maturity Schedule
As of June 30, 2021

Fiscal Year Ending 6/30	Principal	Interest	Total
2022	\$ 560,000	\$ 296,124	\$ 856,124
2023	550,000	264,474	814,474
2024	550,000	245,674	795,674
2025	550,000	227,499	777,499
2026	410,000	198,993	608,993
2027	410,000	183,375	593,375
2028	410,000	167,444	577,444
2029	410,000	151,200	561,200
2030	310,000	136,800	446,800
2031	310,000	124,250	434,250
2032	310,000	111,512	421,512
2033	310,000	98,643	408,643
2034	310,000	85,681	395,681
2035	165,000	75,900	240,900
2036	165,000	69,300	234,300
2037	165,000	62,700	227,700
2038	165,000	56,100	221,100
2039	165,000	49,500	214,500
2040	165,000	42,900	207,900
2041	165,000	36,300	201,300
2042	165,000	29,700	194,700
2043	165,000	23,100	188,100
2044	165,000	16,500	181,500
2045	165,000	9,900	174,900
2046	165,000	3,300	168,300
Total	\$ 7,380,000	\$ 2,766,869	\$ 10,146,869

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Debt Statement
As of June 30, 2021

Direct Debt

Long-term Debt

General Purpose	\$ 6,255,670
Schools	474,251
Sewer	<u>1,180,695</u>
Total Long-term Debt	<u>7,910,616</u>

Total Direct Debt 7,910,616

Less:

Self Supporting Debt	
Sewer	<u>1,180,695</u>

Total Net Direct Debt 6,729,921

Overlapping Debt

-

Total Overall Net Debt \$ 6,729,921

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Current Debt Ratios

June 30, 2021

Population	2,859
Net Taxable 2019 Grand List	\$ 163,500,064
Estimated Full Value 2019 Grand List	\$ 233,571,520
Equalized Net 2019 Grand List	\$ 286,662,001

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Total Net Overall Debt</u>
Total Debt	\$ 7,910,616	\$ 6,729,921	\$ 6,729,921
Per Capita	2,767	2,354	2,354
Total Debt to Net Taxable 2019 Grand List	4.84%	4.12%	4.12%
Total Debt to Estimated Full Value 2019 Grand List	3.39%	2.88%	2.88%
Total Debt to Equalized Net 2019 Grand List	2.76%	2.35%	2.35%

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

State Single Audit

For the Year Ended June 30, 2021

TOWN OF SPRAGUE, CONNECTICUT

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For the Year Ended June 30, 2021

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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 Board of Finance
Town of Sprague, Connecticut

We have audited, 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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sprague, Connecticut (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 18, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 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.

Compliance and Other Matters

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

Purpose of this Report

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



King, King & Associates, CPAs
Winsted, CT
March 18, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance
Town of Sprague, CT

Report on Compliance for Each Major State Program

We have audited the Town of Sprague, CT's (the "Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2021. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. 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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated March 18, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the 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 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

King, King & Associates

King, King & Associates, CPAs
Winsted, CT
March 18, 2022

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2021

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education		
Child Nutrition State Matching Grant	11000-SDE64370-16211	\$ 1,356
Healthy Foods Initiative	11000-SDE64370-16212	2,745
Adult Education	11000-SDE64370-17030	17,959
School Breakfast Program	11000-SDE64370-17046	2,716
Health and Welfare - Private School Pupil	11000-SDE64370-17034	25,890
Magnet Schools	11000-SDE64370-17057	5,200
Talent Development	11000-SDE64370-12552	1,075
After School Program	11000-SDE64370-17084	34,494
Office of Early Childhood		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64845-16274-83013	139,781
Child Care Quality Enhancement	11000-OEC64845-16158	4,327
Connecticut State Library		
Connecticard Payments	11000-CSL66051-17010	121
Department of Justice		
Judicial Fines and Fees	34001-JUD95162-40001	840
Department of Housing		
Affordable Housing Plan Grant	12039-DOH46920-40233	5,138
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	6,156
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	691
Municipal Purposes and Projects	12052-OPM20600-43587	386,528
Property Tax Relief for Veterans	11000-OPM20600-17024	2,574
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	40,422
Town Aid Road - STO	13033-DOT57131-43459	40,423
Bus Operations	12001-DOT57931-12175	11,391
Total State Financial Assistance Before Exempt Programs		\$ 729,827
EXEMPT PROGRAMS		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	17,479
Department of Administrative Services		
School Construction Grant	13010-DAS27635-43744	156,621
Department of Education		
Educational Cost Sharing	11000-SDE64370-17041-82010	2,660,052
Excess Costs Student Based and Equity	11000-SDE64370-17047	64,537
Total Exempt Programs		2,898,689
Total State Financial Assistance		\$ 3,628,516

See notes to schedule.

TOWN OF SPRAGUE, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Sprague, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, road maintenance, property tax relief, and others.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Sprague, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to Governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The governmental fund financial statements contained in the Town of Sprague, Connecticut’s annual report are prepared on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become both measurable and available while expenditures are recognized in the accounting period in which the fund liability is incurred.

The government-wide and proprietary fund financial statements are prepared on the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditure of State Financial Assistance.

2. LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2021:

Department of Energy and Environmental Protection: Clean Water Funds

Project	Issue Date	Interest Rate	Original Amount	Balance Beginning	Issued	Retired	Balance Ending
564-CSL	7/31/2014	2.00%	\$ 775,645	\$ 566,265	\$ -	\$ 35,649	\$ 530,616

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

We audited the financial statements of the Town of Sprague, Connecticut as of and for the year ended June 30, 2021 and issued our unmodified report thereon dated March 18, 2022.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified? _____ Yes None Reported

Noncompliance material to financial statements noted? _____ Yes No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified? _____ Yes None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ Yes No

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core - CT Number</u>	<u>Expenditures</u>
Office of Policy and Management		
Municipal Purposes and Projects	11000-OPM20600-43587	\$ 386,528
Office of Early Childhood		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64845-16274-83013	139,781
Department of Education		
After School Program	11000-SDE64370-17084	34,494

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

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated March 18, 2022, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

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

TOWN OF SPRAGUE, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Prior Year Reportable Instances of Noncompliance

Finding NC-2020-01 – Budgetary Control over Capital Nonrecurring Fund

This finding has been corrected.

Prior Year Material Weaknesses

Finding MW-2018-001 – Internal Control Weakness – Child Nutrition Fund

This finding has been corrected.

Finding MW-2017-002 – General Ledger System for All Funds

This finding has been corrected.

Finding MW-2015-003 – Information and Communication – Policy and Procedure Manual

This finding has been corrected.