
TOWN OF SPRAGUE, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2022

TOWN OF SPRAGUE, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2022

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements:</i>	
Governmental Funds	
Balance Sheet	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis)	49
Pension and OPEB Plans	
State Teachers’ Retirement System - Proportionate Share of Net Pension Liability	52
State Teacher’s Retirement System - Proportionate Share of Net OPEB Liability	53
Other Post-Employment Benefits Plan – Board of Education Schedule of Changes in Total OPEB Liability	54

TOWN OF SPRAGUE, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2022

	<u>Page</u>
SUPPLEMENTAL, COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	57
Supplemental Schedules	
Schedule of Debt Limitation	59
Schedule of Property Taxes Levied, Collected, and Outstanding	60
General Fund	
Schedule of Expenditures – Budget and Actual (Budgetary Basis) Board of Education	61
 OTHER SUPPLEMENTAL SCHEDULES	
Comparative Assessed Valuations	66
Top 10 Taxpayers	67
Property Tax Levies and Collections	68
Annual Long-Term Bonded Debt Maturity Schedule	69
Debt Statement	70
Current Debt Ratios	71

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Sprague, Connecticut

Report on the Audit of the Financial Statements

Opinions

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Sprague's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sprague, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules on pages 4-11, 49-51, and 52-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sprague's basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and other supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

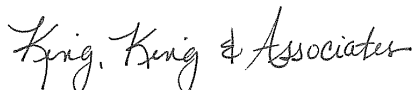
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplemental schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, on our consideration of the Town of Sprague's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sprague's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sprague's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
February 13, 2023

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

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, 2022.

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 \$25,125,714 (*net position*). Of this amount, \$140,342 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. This amount consists of (\$422,245) that is attributable to the Town's governmental activities and \$562,587 that is attributable to the Town's water and sewer activities (business-type activities). Restricted net position of \$620,268 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 \$740,062.
- In the Town's business-type activities, total net position decreased by \$9,010.
- As of the close of the current fiscal year, the Town of Sprague, CT's governmental funds reported combined ending fund balances of \$1,184,700, an increase of \$593,337 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$328,617 or 3.3% of total General Fund budgeted expenditures and transfers out. The total fund balance of the General Fund was \$495,547 or 4.9% of total General Fund budgeted expenditures and transfers out.

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, 2022

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 12-13 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 14-17 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 18-20 of this report.

TOWN OF SPRAGUE, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

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 21-48 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 \$25,125,714 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 2,526,852	\$ 2,406,775	\$ 596,590	\$ 577,475	\$ 3,123,442	\$ 2,984,250
Capital Assets	28,813,240	29,126,576	3,225,973	3,341,525	32,039,213	32,468,101
Total Assets	<u>31,340,092</u>	<u>31,533,351</u>	<u>3,822,563</u>	<u>3,919,000</u>	<u>35,162,655</u>	<u>35,452,351</u>
Deferred Outflows of Resources	19,503	21,538	-	-	19,503	21,538
Other Liabilities	849,190	1,219,753	13,811	23,436	863,001	1,243,189
Long-term Liabilities	7,325,753	8,000,337	1,054,440	1,132,242	8,380,193	9,132,579
Total Liabilities	<u>8,174,943</u>	<u>9,220,090</u>	<u>1,068,251</u>	<u>1,155,678</u>	<u>9,243,194</u>	<u>10,375,768</u>
Deferred Inflows of Resources	813,250	703,459	-	-	813,250	703,459
Net Position:						
Net Investment in Capital Assets	22,173,379	21,956,069	2,191,725	2,225,909	24,365,104	24,181,978
Restricted	620,268	415,668	-	-	620,268	415,668
Unrestricted	(422,245)	(740,397)	562,587	537,413	140,342	(202,984)
Total Net Position	<u>\$ 22,371,402</u>	<u>\$ 21,631,340</u>	<u>\$ 2,754,312</u>	<u>\$ 2,763,322</u>	<u>\$ 25,125,714</u>	<u>\$ 24,394,662</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 increased by \$183,126 during the current fiscal year.

The Town's restricted net position of \$620,268 increased by \$204,600 compared to last years restricted net position of \$415,668. 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, 2022

STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
<i>Program Revenues:</i>						
Charges for Services	\$ 227,326	\$ 279,164	\$ 581,531	\$ 586,191	\$ 808,857	\$ 865,355
Operating Grants and Contributions	4,951,886	5,320,113	-	-	4,951,886	5,320,113
Capital Grants and Contributions	351,613	182,170	-	-	351,613	182,170
<i>General Revenues:</i>						
Property Taxes	6,333,799	6,139,234	-	-	6,333,799	6,139,234
Unrestricted Grants & Contributions	47,825	119,839	-	-	47,825	119,839
Unrestricted Investment Income	5,625	1,238	264	320	5,889	1,558
Other	11,529	8,084	-	-	11,529	8,084
Total Revenues	<u>11,929,603</u>	<u>12,049,842</u>	<u>581,795</u>	<u>586,511</u>	<u>12,511,398</u>	<u>12,636,353</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	1,644,315	1,804,493	-	-	1,644,315	1,804,493
Public Safety	429,134	423,869	-	-	429,134	423,869
Public Works	678,913	810,532	-	-	678,913	810,532
Education	8,195,676	8,438,483	-	-	8,195,676	8,438,483
Interest on Long-Term Debt	241,503	469,063	-	-	241,503	469,063
<i>Business-Type Activities:</i>						
Water and Sewer	-	-	590,805	621,274	590,805	621,274
Total Expenses	<u>11,189,541</u>	<u>11,946,440</u>	<u>590,805</u>	<u>621,274</u>	<u>11,780,346</u>	<u>12,567,714</u>
Change in Net Position Before Transfers	740,062	103,402	(9,010)	(34,763)	731,052	68,639
Transfers	-	(45,188)	-	45,188	-	-
Change in Net Position	740,062	58,214	(9,010)	10,425	731,052	68,639
Beginning Net Position	21,631,340	21,573,126	2,763,322	2,752,897	24,394,662	24,326,023
Ending Net Position	<u>\$ 22,371,402</u>	<u>\$ 21,631,340</u>	<u>\$ 2,754,312</u>	<u>\$ 2,763,322</u>	<u>\$ 25,125,714</u>	<u>\$ 24,394,662</u>

Governmental activities. Governmental activities increased the Town of Sprague, CT's net position by \$740,062.

Fifty-three percent (53%) of the revenues of the Town were derived from property taxes, followed by forty-five percent (45%) 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 35.75 to 36.
- Revenue from grants and contributions decreased 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.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

Seventy-three percent (73%) of the expenses of the Town were related to education, followed by fifteen percent (15%) related to general government, six percent (6%) related to public works, four percent (4%) related to public safety, and two percent (2%) related to interest on long-term debt.

Major expense factors included:

- The education expenses decreased 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.

Business-Type activities. The business-type activities consist of the water and sewer fund. The net position decreased by \$9,010 during the current fiscal year.

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 \$1,184,700, an increase of \$593,337 in comparison with the prior year. Sixteen percent (16%) of this total amount constitutes *unassigned fund balance* which is available for spending at the government's discretion.

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 \$328,617. 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 3.5 percent of total General Fund Budget Basis expenditures.

The fund balance of the Town of Sprague, CT's General Fund increased by \$148,183 during the current fiscal year. Key factors in this increase are as follows:

- Revenues coming in over budget by \$94,567 particularly in tax collections, charges for services, and intergovernmental grants.
- Expenditures coming in \$282,976 under budget, with \$213,294 of that coming from the Education line.
- The Town made an additional transfer of \$413,077 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, 2022

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund increased by \$374,816 during the current fiscal year. This increase is primarily related to the current years additional appropriation to the Capital Nonrecurring Fund which was to apply to old balances at the direction of the CT Municipal Accountability Review Board.

Education Grants Fund. The fund balance of the Education Grants Fund decreased by \$25,504.

Small Cities Fund. The fund balance of the Small Cities Grant Program Fund increased by \$48,304 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	\$ 6,241,789	\$ 6,288,356	\$ 46,567
Intergovernmental	3,250,916	3,263,921	13,005
Local Revenues	212,158	244,533	32,375
Investment Income	3,000	5,620	2,620
Total Revenues	<u>9,707,863</u>	<u>9,802,430</u>	<u>94,567</u>
EXPENDITURES			
General Government Operating Budget	1,993,011	1,927,579	65,432
Board of Education	6,787,139	6,573,845	213,294
Debt Service	851,875	847,625	4,250
Total Expenditures	<u>9,632,025</u>	<u>9,349,049</u>	<u>282,976</u>
OTHER FINANCING SOURCES (USES)			
Appropriation from Fund Balance	433,077	-	(433,077)
Transfers	(330,077)	(330,077)	-
Total Other Financing Sources (Uses)	<u>103,000</u>	<u>(330,077)</u>	<u>(433,077)</u>
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 178,838</u>	<u>\$ 123,304</u>	<u>\$ (55,534)</u>

The original approved budget projected a surplus of \$178,838. The Town approved additional appropriations from fund balance of \$413,077 during the year to be transferred to the Capital Nonrecurring Fund to clear up old deficit balances and an additional \$20,000 to be used for general government expenditures.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

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, 2022, amounts to \$32,039,213 (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 \$428,888.

	<u>2022</u>	<u>2021</u>
<i>Governmental Activities:</i>		
Land	\$ 9,783,677	\$ 9,532,616
Construction in Progress	19,030	284,828
Buildings and Systems	5,191,771	4,842,549
Machinery and Equipment	1,376,075	1,499,020
Infrastructure	12,442,687	12,967,563
	<u>\$ 28,813,240</u>	<u>\$ 29,126,576</u>
	<u>2022</u>	<u>2021</u>
<i>Business-Type Activities:</i>		
Buildings and Systems	\$ 2,912,637	\$ 3,020,905
Machinery and Equipment	313,336	320,620
	<u>\$ 3,225,973</u>	<u>\$ 3,341,525</u>

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

- Purchase of a property
- Sayles school roof replacement project
- New Kubota for public works

Additional information on the Town of Sprague, CT's capital assets can be found in Note 6 on pages 32-33 of this report.

TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

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 \$8,380,193.

	<u>2022</u>	<u>2021</u>
<i>Governmental Activities:</i>		
General Obligation Bonds	\$ 6,280,000	\$ 6,795,000
Unamortized Bond Premiums	359,861	375,507
Loans Payable	500,000	500,000
Landfill Post-Closure Liability	2,400	3,600
Compensated Absences	48,649	48,515
OPEB Liability	134,843	277,715
Total Governmental Activities	<u>\$ 7,325,753</u>	<u>\$ 8,000,337</u>
<i>Business-Type Activities:</i>		
Bonds Payable	\$ 540,000	\$ 585,000
Loans Payable	494,248	530,616
Compensated Absences	20,192	16,626
Total Business-Type Activities	<u>\$ 1,054,440</u>	<u>\$ 1,132,242</u>

The Town of Sprague, CT's total long-term debt and other long-term liabilities decreased by \$752,386 (8.2 percent) during the current fiscal year due mainly to the paydown of general obligation bonds and loans. Additional information on the Town of Sprague, CT's long-term debt can be found in Note 7 on pages 33-35 of this report.

The Town of Sprague currently maintains a bond rating of "Baa3" by Moody'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 2023 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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,653,530	\$ 478,947	\$ 2,132,477
Restricted Cash	28,309	-	28,309
Receivables, Net of Allowance	831,862	114,414	946,276
Prepays	5,760	1,000	6,760
Inventories	7,391	2,229	9,620
Capital Assets:			
Assets Not Being Depreciated	9,802,707	-	9,802,707
Assets Being Depreciated, Net	<u>19,010,533</u>	<u>3,225,973</u>	<u>22,236,506</u>
Total Assets	<u>31,340,092</u>	<u>3,822,563</u>	<u>35,162,655</u>
Deferred Outflows of Resources			
Deferred Outflows - OPEB	<u>19,503</u>	<u>-</u>	<u>19,503</u>
Liabilities			
Accounts Payable and Accrued Items	235,679	13,811	249,490
Unearned Revenue	498,060	-	498,060
Performance Bonds	28,309	-	28,309
Accrued Interest Payable	87,142	-	87,142
Noncurrent Liabilities:			
Due Within One Year	532,432	98,694	631,126
Due In More Than One Year	<u>6,793,321</u>	<u>955,746</u>	<u>7,749,067</u>
Total Liabilities	<u>8,174,943</u>	<u>1,068,251</u>	<u>9,243,194</u>
Deferred Inflows of Resources			
Prepayment on Lease Agreement	316,433	-	316,433
Deferred Inflows - OPEB	<u>496,817</u>	<u>-</u>	<u>496,817</u>
Total Deferred Inflows of Resources	<u>813,250</u>	<u>-</u>	<u>813,250</u>
Net Position			
Net Investment in Capital Assets	22,173,379	2,191,725	24,365,104
Restricted for:			
Purposes of Trust - Nonexpendable	1,250	-	1,250
Community Development	349,007	-	349,007
Road Maintenance	158,025	-	158,025
Education	77,320	-	77,320
Other Purposes	34,666	-	34,666
Unrestricted	<u>(422,245)</u>	<u>562,587</u>	<u>140,342</u>
Total Net Position	<u>\$ 22,371,402</u>	<u>\$ 2,754,312</u>	<u>\$ 25,125,714</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, 2022

Functions/Programs	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
Governmental Activities:							
General Government	\$ 1,644,315	\$ 138,127	\$ 106,927	\$ 265,000	\$ (1,134,261)	\$ -	\$ (1,134,261)
Public Safety	429,134	-	3,510	-	(425,624)	-	(425,624)
Public Works	678,913	75,905	541,379	27,241	(34,388)	-	(34,388)
Education	8,195,676	13,294	4,300,070	59,372	(3,822,940)	-	(3,822,940)
Interest on Long-Term Debt	241,503	-	-	-	(241,503)	-	(241,503)
Total Governmental Activities	<u>11,189,541</u>	<u>227,326</u>	<u>4,951,886</u>	<u>351,613</u>	<u>(5,658,716)</u>	<u>-</u>	<u>(5,658,716)</u>
Business-Type Activities:							
Water and Sewer	<u>590,805</u>	<u>581,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,274)</u>	<u>(9,274)</u>
Total Primary Government	<u>\$ 11,780,346</u>	<u>\$ 808,857</u>	<u>\$ 4,951,886</u>	<u>\$ 351,613</u>	<u>\$ (5,658,716)</u>	<u>(9,274)</u>	<u>(5,667,990)</u>
General Revenues:							
Property Taxes, Payment in Lieu of Taxes, Interest and Liens					6,333,799	-	6,333,799
Grants and Contributions not Restricted to Specific Programs					47,825	-	47,825
Unrestricted Investment Earnings					5,625	264	5,889
Other					11,529	-	11,529
Transfers					-	-	-
Total General Revenues and Transfers					<u>6,398,778</u>	<u>264</u>	<u>6,399,042</u>
Change in Net Position					740,062	(9,010)	731,052
Net Position at Beginning of Year					<u>21,631,340</u>	<u>2,763,322</u>	<u>24,394,662</u>
Net Position at End of Year					<u>\$ 22,371,402</u>	<u>\$ 2,754,312</u>	<u>\$ 25,125,714</u>

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

TOWN OF SPRAGUE, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 1,354,705	\$ 174,534	\$ -	\$ 28,567	\$ 95,724	\$ 1,653,530
Restricted Cash	28,309	-	-	-	-	28,309
Receivables, Net of Allowance	301,212	59,463	150,747	320,440	-	831,862
Prepays	4,860	900	-	-	-	5,760
Inventories	4,045	-	-	-	3,346	7,391
Due from Other Funds	137,854	133,772	-	-	56,536	328,162
Total Assets	<u>\$ 1,830,985</u>	<u>\$ 368,669</u>	<u>\$ 150,747</u>	<u>\$ 349,007</u>	<u>\$ 155,606</u>	<u>\$ 2,855,014</u>
Liabilities						
Accounts Payable and Accrued Items	\$ 192,355	\$ 43,324	\$ -	\$ -	\$ -	\$ 235,679
Unearned Revenue	420,568	54,675	22,817	-	-	498,060
Performance Bonds	28,309	-	-	-	-	28,309
Due to Other Funds	175,494	14,814	137,854	-	-	328,162
Total Liabilities	<u>816,726</u>	<u>112,813</u>	<u>160,671</u>	<u>-</u>	<u>-</u>	<u>1,090,210</u>
Deferred Inflows of Resources						
Unavailable Revenue:						
Property Taxes and Interest	182,174	-	-	-	-	182,174
Grants	-	43,539	17,853	-	-	61,392
Other	20,105	-	-	-	-	20,105
Unearned Revenue:						
Prepayment on Lease Agreement	316,433	-	-	-	-	316,433
Total Deferred Inflows of Resources	<u>518,712</u>	<u>43,539</u>	<u>17,853</u>	<u>-</u>	<u>-</u>	<u>580,104</u>
Fund Balances						
Nonspendable	8,905	-	-	-	1,250	10,155
Restricted	158,025	34,666	-	349,007	77,320	619,018
Committed	-	203,317	-	-	77,076	280,393
Assigned	-	80,692	-	-	-	80,692
Unassigned	328,617	(106,358)	(27,777)	-	(40)	194,442
Total Fund Balances	<u>495,547</u>	<u>212,317</u>	<u>(27,777)</u>	<u>349,007</u>	<u>155,606</u>	<u>1,184,700</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,830,985</u>	<u>\$ 368,669</u>	<u>\$ 150,747</u>	<u>\$ 349,007</u>	<u>\$ 155,606</u>	<u>\$ 2,855,014</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, 2022

Fund balances reported in governmental funds Balance Sheet \$ 1,184,700

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>	44,755,378
<i>Depreciation</i>	(15,942,138)

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>	182,174
<i>Grants receivable</i>	61,392
<i>Other receivable</i>	20,105

Certain changes related to OPEB are deferred and amortized over time.

<i>Deferred Outflows - OPEB</i>	19,503
<i>Deferred Inflows - OPEB</i>	(496,817)

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>	(87,142)
<i>Bonds Payable</i>	(6,280,000)
<i>Bond Premiums</i>	(359,861)
<i>Loan Payable</i>	(500,000)
<i>Compensated Absences</i>	(48,649)
<i>OPEB Liability</i>	(134,843)
<i>Post-closure Landfill Costs</i>	<u>(2,400)</u>

Net position of governmental activities \$ 22,371,402

TOWN OF SPRAGUE, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes, Interest and Lien Fees	\$ 6,288,356	\$ -	\$ -	\$ -	\$ -	\$ 6,288,356
Intergovernmental Revenues	3,917,737	440,309	853,941	60,686	273,195	5,545,868
Charges for Services	165,718	47,253	-	-	14,124	227,095
Interest Income	5,620	-	-	1	4	5,625
Other	11,760	109,250	-	-	3,211	124,221
Total Revenues	<u>10,389,191</u>	<u>596,812</u>	<u>853,941</u>	<u>60,687</u>	<u>290,534</u>	<u>12,191,165</u>
Expenditures						
Current:						
General Government	975,161	19,012	-	13,149	1,278	1,008,600
Public Safety	333,958	-	-	-	-	333,958
Public Works	602,584	-	-	-	-	602,584
Education	7,218,658	-	879,445	-	240,952	8,339,055
Debt Service:						
Principal	515,000	-	-	-	-	515,000
Interest and Issuance Costs	265,570	-	-	-	-	265,570
Capital Outlay	-	533,061	-	-	-	533,061
Total Expenditures	<u>9,910,931</u>	<u>552,073</u>	<u>879,445</u>	<u>13,149</u>	<u>242,230</u>	<u>11,597,828</u>
Excess/(Deficiency) of Revenues over Expenditures	478,260	44,739	(25,504)	47,538	48,304	593,337
Other Financing Sources/(Uses)						
Transfers In	105,000	435,077	-	-	-	540,077
Transfers Out	(435,077)	(105,000)	-	-	-	(540,077)
Total Other Financing Sources/(Uses)	<u>(330,077)</u>	<u>330,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	148,183	374,816	(25,504)	47,538	48,304	593,337
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 495,547</u>	<u>\$ 212,317</u>	<u>\$ (27,777)</u>	<u>\$ 349,007</u>	<u>\$ 155,606</u>	<u>\$ 1,184,700</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, 2022

Net change in fund balances - total governmental funds \$ 593,337

**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>	547,468
<i>Depreciation expense</i>	(860,804)

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>	25,338
<i>Grant revenue accrual basis change</i>	(153,245)
<i>Other revenues accrual basis change</i>	20,105

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>	515,000
<i>Amortization of premiums</i>	15,646

<i>Amortization of deferred outflows related to OPEB benefits</i>	(2,035)
<i>Amortization of deferred inflows related to OPEB benefits</i>	(113,107)

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>	8,421
<i>Compensated Absences</i>	(134)
<i>Post-closure Landfill Costs</i>	1,200
<i>OPEB Liability</i>	<u>142,872</u>

Change in net position of governmental activities \$ 740,062

TOWN OF SPRAGUE, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2022

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 478,947
Usage Receivable	114,414
Prepaid Expenses	1,000
Inventories	2,229
Total Current Assets	<u>596,590</u>
Capital Assets, Net	<u>3,225,973</u>
Total Assets	<u>3,822,563</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Expenses	13,811
Bonds Payable	45,000
Loans Payable	37,102
Compensated Absences	16,592
Total Current Liabilities	<u>112,505</u>
Noncurrent Liabilities:	
Bonds Payable	495,000
Loans Payable	457,146
Compensated Absences	3,600
Total Noncurrent Liabilities	<u>955,746</u>
Total Liabilities	<u>1,068,251</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	2,191,725
Unrestricted	562,587
Total Net Position	<u>\$ 2,754,312</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, 2022

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for Services	\$ 581,531
Miscellaneous	-
Total Operating Revenues	581,531
OPERATING EXPENSES	
Salaries and Related	220,095
Contractual Services	61,397
Utilities	75,872
Repairs and Maintenance	41,354
Other Supplies and Expenses	44,200
Depreciation Expense	115,552
Total Operating Expenses	558,470
Operating Income/(Loss)	23,061
NONOPERATING REVENUES (EXPENSES)	
Interest Income	264
Interest Expense	(32,335)
Total Nonoperating Revenues (Expenses)	(32,071)
Change in Net Position	(9,010)
Net Position - Beginning of Year	2,763,322
Net Position - End of Year	\$ 2,754,312

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, 2022

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 575,863
Payments to Employees	(216,529)
Payments to Suppliers	(231,569)
Net Cash Provided by Operating Activities	<u>127,765</u>
Cash Flows from Noncapital Financing Activities:	
Interfund Activity	(62)
Net Cash Used by Noncapital Financing Activities	<u>(62)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Bonds	(45,000)
Principal Paid on Loans	(36,368)
Interest Paid on Capital Debt	(32,335)
Net Cash Used by Capital and Related Financing Activities	<u>(113,703)</u>
Cash Flows from Investing Activities:	
Interest Income	264
Net Cash Provided by Investing Activities	<u>264</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	14,264
Cash and Cash Equivalents at Beginning of Year	<u>464,683</u>
Cash and Cash Equivalents at End of Year	<u>\$ 478,947</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	<u>\$ 23,061</u>
Adjustments to Reconcile Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	115,552
Change in Assets and Liabilities:	
(Increase) Decrease in Usage Receivable	(5,668)
(Increase) Decrease in Inventories	879
Increase (Decrease) in Accounts Payable and Accrued Expenses	(9,625)
Increase (Decrease) in Compensated Absences	3,566
Total Adjustments	<u>104,704</u>
Net Cash Provided by Operating Activities	<u>\$ 127,765</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, 2022. 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, 2022, several line-item transfers were made to the Town's budget along with an additional appropriation of \$433,077.

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, 2022.

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, 2022.

	Governmental Funds	Proprietary Funds	Total
Cash	\$ 450,361	\$ 478,947	\$ 929,308
Cash Equivalents	1,203,169	-	1,203,169
Restricted Cash	28,309	-	28,309
	\$ 1,681,839	\$ 478,947	\$ 2,160,786

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	\$ 2,132,477
Less: Cash Equivalents (STIF)	(1,203,169)
	\$ 929,308

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$929,308 and the bank balance was \$1,327,620. Of the bank balance, Federal Depository Insurance Corporation insured \$500,000.

As of June 30, 2022, \$827,620 of the Town’s bank balance of \$1,327,620 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 694,858
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	132,762
Total	\$ 827,620

Cash Equivalents

At June 30, 2022, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$1,203,169. 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, 2022, Town receivable balances were as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Education Grants Fund</u>	<u>Small Cities Fund</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 201,431	\$ -	\$ -	\$ -	\$ -	\$ 201,431
Interest, Liens, and Fees	46,772	-	-	-	-	46,772
Usage	-	-	-		114,414	114,414
Intergovernmental	43,567	59,463	150,747	-	-	253,777
Loans *	-	-	-	320,440	-	320,440
Accounts	<u>39,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,442</u>
Gross receivables	<u>331,212</u>	<u>59,463</u>	<u>150,747</u>	<u>320,440</u>	<u>114,414</u>	<u>976,276</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>\$ 301,212</u>	<u>\$ 59,463</u>	<u>\$ 150,747</u>	<u>\$ 320,440</u>	<u>\$ 114,414</u>	<u>\$ 946,276</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:

	<u>Governmental Funds</u>
General Fund	
Fees Collected in Advance	\$ 910
Advances on Grants	419,658
Capital Nonrecurring Fund	
Advances on Grants	54,675
Education Grants Fund	
Advances on Grants	<u>22,817</u>
Total Unearned Revenue	<u>\$ 498,060</u>

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Revenue Sharing Arrangements Receivable

The Town has entered into agreements with a tower management company whereby the Town receives a share of net revenues after expenses based on agreements the management company has with carriers. The management company erects the tower at its own cost and recovers its costs over time. The Town will receive 25% of the gross receipts collected by the management company. The arrangement is not being reported as a lease receivable because the payments are based on usage of the assets based on the efforts of the management company and can vary. There are no fixed or guaranteed payments to the Town.

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, 2022, the outstanding balances between funds were:

Payable Fund	Receivable Fund	Total
Capital Nonrecurring	Nonmajor Governmental Funds	\$ 14,814
General Fund	Nonmajor Governmental Funds	41,722
General Fund	Capital Nonrecurring Fund	133,772
Education Grants Fund	General Fund	137,854
		\$ 328,162

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, 2022, were as follows:

Transfers In	Transfers Out	Amount
Capital Nonrecurring	General Fund	\$ 435,077
General Fund	Capital Nonrecurring	105,000
		\$ 540,077

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, 2022, consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 9,532,616	\$ 251,061	\$ -	\$ 9,783,677
Construction in Progress	284,828	-	(265,798)	19,030
Total capital assets, not being depreciated	<u>9,817,444</u>	<u>251,061</u>	<u>(265,798)</u>	<u>9,802,707</u>
Capital assets, being depreciated:				
Buildings and Systems	10,998,913	495,715	-	11,494,628
Machinery and Equipment	4,797,574	66,490	-	4,864,064
Infrastructure	18,593,979	-	-	18,593,979
Total capital assets, being depreciated	<u>34,390,466</u>	<u>562,205</u>	<u>-</u>	<u>34,952,671</u>
Less accumulated depreciation for:				
Buildings and Systems	6,156,364	146,493	-	6,302,857
Machinery and Equipment	3,298,554	189,435	-	3,487,989
Infrastructure	5,626,416	524,876	-	6,151,292
Total accumulated depreciation	<u>15,081,334</u>	<u>860,804</u>	<u>-</u>	<u>15,942,138</u>
Total capital assets, being depreciated	<u>19,309,132</u>	<u>(298,599)</u>	<u>-</u>	<u>19,010,533</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 29,126,576</u>	<u>\$ (47,538)</u>	<u>\$ (265,798)</u>	<u>\$ 28,813,240</u>

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

General Government	\$ 620,615
Public Safety	95,176
Public Works	59,491
Education	85,522
	<u>\$ 860,804</u>

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Capital asset activity for business-type activities for the year ended June 30, 2022, consisted of the following:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and Systems	\$ 5,670,365	\$ -	\$ -	\$ 5,670,365
Machinery and Equipment	775,110	-	-	775,110
Total capital assets, being depreciated	<u>6,445,475</u>	<u>-</u>	<u>-</u>	<u>6,445,475</u>
Less accumulated depreciation for:				
Buildings and Systems	2,649,460	108,268	-	2,757,728
Machinery and Equipment	454,490	7,284	-	461,774
Total accumulated depreciation	<u>3,103,950</u>	<u>115,552</u>	<u>-</u>	<u>3,219,502</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 3,341,525</u>	<u>\$ (115,552)</u>	<u>\$ -</u>	<u>\$ 3,225,973</u>

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

Water and Sewer	<u>\$ 115,552</u>
-----------------	-------------------

NOTE 7 – LONG-TERM LIABILITIES

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 6,795,000	\$ -	\$ 515,000	\$ 6,280,000	\$ 505,000
Unamortized Bond Premiums	375,507	-	15,646	359,861	15,646
CT Municipal Restructuring Loan	500,000	-	-	500,000	-
Landfill Post-closure Liability	3,600	-	1,200	2,400	1,200
Compensated Absences	48,515	591	457	48,649	10,586
OPEB Liability	<u>277,715</u>	<u>-</u>	<u>142,872</u>	<u>134,843</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 8,000,337</u>	<u>\$ 591</u>	<u>\$ 675,175</u>	<u>\$ 7,325,753</u>	<u>\$ 532,432</u>
Business-Type Activities					
Bonds Payable	\$ 585,000	\$ -	\$ 45,000	\$ 540,000	\$ 45,000
Loans Payable	530,616	-	36,368	494,248	37,102
Compensated Absences	<u>16,626</u>	<u>3,566</u>	<u>-</u>	<u>20,192</u>	<u>16,592</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,132,242</u>	<u>\$ 3,566</u>	<u>\$ 81,368</u>	<u>\$ 1,054,440</u>	<u>\$ 98,694</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, 2022 is as follows:

	Year of Issue (FY)	Maturity Date (FY)	Interest Rate	Original Amount	Balance June 30, 2022
Governmental Activities					
General Obligation Bonds	2006	2025	3.75-5.00%	\$ 1,600,000	\$ 240,000
General Obligation Bonds	2009	2025	2.50-4.00%	1,810,000	315,000
General Obligation Bonds - Town Portion	2013	2034	3.50-4.375%	4,390,000	1,960,000
General Obligation Bonds	2021	2046	4.00%	3,880,000	3,765,000
				<u>11,680,000</u>	<u>6,280,000</u>
Business-Type Activities					
General Obligation Bonds - WPCA Portion	2013	2034	3.50-4.375%	900,000	540,000
Clean Water Fund Loan	2015	2034	2.00%	775,645	494,248
				<u>1,675,645</u>	<u>1,034,248</u>
				<u>\$ 13,355,645</u>	<u>\$ 7,314,248</u>

Annual debt service requirements on bonds and loans payable as of June 30, 2022 are as follows:

Year(s)	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	365,000	169,893	85,190	19,940	450,190	189,833
2028-2032	1,525,000	649,187	438,449	61,810	1,963,449	710,997
2033-2037	1,025,000	388,287	177,649	5,700	1,202,649	393,987
2038-2042	825,000	214,500	-	-	825,000	214,500
2043-2047	660,000	52,800	-	-	660,000	52,800
	<u>\$ 6,280,000</u>	<u>\$ 2,340,813</u>	<u>\$ 1,034,248</u>	<u>\$ 191,576</u>	<u>\$ 7,314,248</u>	<u>\$ 2,532,389</u>

Interest incurred and expensed on general obligation bonds and loans payable for the year ended June 30, 2022, in the governmental and business-type activities totaled, \$241,503 and \$32,335, respectively.

Authorized, Unissued Bonds

As of June 30, 2022, 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 2 years totals \$2,400. 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 \$387.

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, 2022 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	4,860	-	-	-	-	4,860
Inventories	4,045	-	-	-	-	4,045
Total Nonspendable	<u>8,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>10,155</u>
Restricted for:						
Road Maintenance	158,025	-	-	-	-	158,025
Community Development	-	-	-	349,007	-	349,007
Capital Purposes	-	34,666	-	-	-	34,666
Education	-	-	-	-	77,320	77,320
Total Restricted	<u>158,025</u>	<u>34,666</u>	<u>-</u>	<u>349,007</u>	<u>77,320</u>	<u>619,018</u>
Committed to:						
General Government	-	-	-	-	27,588	27,588
Public Safety	-	-	-	-	49,488	49,488
Capital Purposes	-	203,317	-	-	-	203,317
Total Committed	<u>-</u>	<u>203,317</u>	<u>-</u>	<u>-</u>	<u>77,076</u>	<u>280,393</u>
Assigned:						
Capital Projects	-	80,692	-	-	-	80,692
Total Assigned	<u>-</u>	<u>80,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,692</u>
Unassigned	328,617	(106,358)	(27,777)	-	(40)	194,442
Total Fund Balances	<u>\$ 495,547</u>	<u>\$ 212,317</u>	<u>\$ (27,777)</u>	<u>\$ 349,007</u>	<u>\$ 155,606</u>	<u>\$ 1,184,700</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.

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.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

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. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers’ compensation cannot exceed 75% 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, 2022, the certified teachers’ contribution to the Connecticut Teachers Retirement Board was \$132,613. Covered payroll for the Town for the year ended June 30, 2022, was approximately \$1,894,471.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 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's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>6,107,678</u>
Total	\$	<u>6,107,678</u>

The net pension liability was measured as of June 30, 2021, 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, 2022, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$511,418 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$394,265 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, 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 \$12,035.

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	2.17%
Prior Measurement Date	2.21%

The projected fiduciary net position is projected to be depleted in 2023.

Single equivalent interest rate

Measurement Date	2.17%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.21%, 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
----------	---

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 2.17%. 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 2023 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	\$ 557,325	\$ 665,420	\$ 813,237

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 (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB liability	\$ 814,451	\$ 665,420	\$ 549,254

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 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>665,420</u>
Total	\$	<u><u>665,420</u></u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$12,035 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$24,572) 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, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits		1
Active plan members		<u>24</u>
		<u><u>25</u></u>

Total OPEB Liability - The Town's total OPEB liability of \$134,843 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2021, 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, 2022 reporting date
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Salary Increases	2.40% (Prior 2.60%)
Discount Rate	3.54% as of June 30, 2022 and 2.16% as of June 30, 2021, which is based on the 20-year AA municipal bond index.
Mortality Rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for teachers, projected to the valuation date with Scale MP-2021
Inflation	2.40% as of June 30, 2022 and 2.60% as of June 30, 2021
Healthcare Cost Trend Rates	6.50% in 2021, reducing by 0.20% each year to an ultimate rate of 4.40% per year rate for 2032 and later.

Changes of assumptions include a change in the mortality rates, investment rate of return, inflation, salary increases, retirement, and healthcare cost trend rates.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/21	\$ 277,715
Changes for the year:	
Service Cost	14,492
Interest	6,235
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(130,099)
Changes in Assumptions	(26,347)
Benefit Payments	(7,153)
Net Changes	(142,872)
Balance at 6/30/22	<u>\$ 134,843</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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 144,887	\$ 134,843	\$ 125,494

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 3.40%) or 1-percentage-point higher (7.50% decreasing to 5.40%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 120,784	\$ 134,843	\$ 151,555

OPEB Expense: For the year ended June 30, 2022, the Town recognized OPEB expense of (\$23,336). As of June 30, 2022, 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	\$ 2,275	\$ 457,673
Changes of assumptions	17,228	39,144
Total	\$ 19,503	\$ 496,817

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:	
2023	\$ (41,304)
2024	(41,304)
2025	(41,304)
2026	(41,304)
2027	(41,304)
Thereafter	(270,794)
	\$ (477,314)

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, 2022, the Town received its scheduled payment of \$200,000, while the abated taxes were estimated at \$371,383.

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 at June 30, 2022, was \$316,433 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. 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.

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.

TOWN OF SPRAGUE, CONNECTICUT
Notes to the Financial Statements

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town’s reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Town’s reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Town’s reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Town’s reporting period beginning July 1, 2024.

NOTE 16 – ADOPTION OF NEW ACCOUNTING STANDARD

During the year, the Town adopted GASB No 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. The Town adopted the requirements of the guidance effective July 1, 2021, however, management concluded that they did not have any significant arrangements that met the requirement of this standard.

**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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Property Taxes				
Current Year Taxes	\$ 5,789,789	\$ 5,789,789	\$ 5,801,710	\$ 11,921
PILOT Solar Farm	200,000	200,000	200,005	5
Prior Year Taxes	125,000	125,000	122,959	(2,041)
Interest and Lien Fees	55,000	55,000	65,315	10,315
Motor Vehicle Supplement	72,000	72,000	98,367	26,367
Total Property Taxes	<u>6,241,789</u>	<u>6,241,789</u>	<u>6,288,356</u>	<u>46,567</u>
Intergovernmental				
Education				
Education Cost Sharing	2,668,094	2,668,094	2,666,678	(1,416)
Total Education	<u>2,668,094</u>	<u>2,668,094</u>	<u>2,666,678</u>	<u>(1,416)</u>
Local				
Telecommunications Property Grant	5,221	5,221	4,696	(525)
MRSA Municipal Projects	386,528	386,528	386,528	-
PILOT State Property	6,156	6,156	21,958	15,802
Mashantucket Pequot Grant	17,479	17,479	17,479	-
Veterans Tax Relief	1,876	1,876	1,728	(148)
Disability Exemption Reimbursement	870	870	699	(171)
Judicial 10th Circuit	1,000	1,000	1,265	265
Emergency Management Agency	2,800	2,800	5,036	2,236
Town Aid Roads (TAR)	152,349	152,349	152,159	(190)
Elderly and Disabled Transportation Grant	8,543	8,543	5,695	(2,848)
Other Grants	-	-	-	-
Total Local	<u>582,822</u>	<u>582,822</u>	<u>597,243</u>	<u>14,421</u>
Total Intergovernmental	<u>3,250,916</u>	<u>3,250,916</u>	<u>3,263,921</u>	<u>13,005</u>
Licenses, Permits, and Charges for Services				
License and Permit Fees	1,000	1,000	1,240	240
Building Permit Fees	25,000	25,000	18,771	(6,229)
Dog License Fees	1,500	1,500	1,150	(350)
Land Records, Maps, Etc.	10,000	10,000	19,210	9,210
Conveyance Tax	17,000	17,000	39,805	22,805
Copies and Fax Machine	5,000	5,000	7,288	2,288
Permit Fees, Planning and Zoning, Inlands and Wetlands	3,500	3,500	740	(2,760)
Landfill Receipts	23,000	23,000	17,613	(5,387)
Newsletter	2,000	2,000	240	(1,760)
Marriage Licenses	150	150	192	42
Waste Management	52,000	52,000	58,292	6,292
Transportation Subsidy (SCRRA)	2,000	2,000	-	(2,000)
Farmland Preservation	950	950	1,077	127
Sportsman Licenses	150	150	100	(50)
Total Licenses, Permits, and Charges for Services	<u>143,250</u>	<u>143,250</u>	<u>165,718</u>	<u>22,468</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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Other Revenues				
Principal Subsidy for Resv. Dam Project	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Interest Subsidy for Resv. Dam Project	23,508	23,508	22,055	(1,453)
Sundry Receipts	400	400	231	(169)
Miscellaneous	-	-	11,529	11,529
Total Other Revenues	<u>68,908</u>	<u>68,908</u>	<u>78,815</u>	<u>9,907</u>
Investment Income	<u>3,000</u>	<u>3,000</u>	<u>5,620</u>	<u>2,620</u>
Total Revenues	<u>9,707,863</u>	<u>9,707,863</u>	<u>9,802,430</u>	<u>94,567</u>
EXPENDITURES				
General Government				
Board of Selectmen	81,864	84,435	84,435	-
Elections	20,550	17,683	11,480	6,203
Board of Finance	188	228	228	-
Auditing	23,200	23,200	17,250	5,950
Bookkeeper	29,677	30,571	30,571	-
Tax Assessor	25,287	25,287	23,791	1,496
Tax Collector	27,965	27,965	27,534	431
Town Treasurer	2,400	2,400	2,400	-
Town Counsel and Financial Advisor	27,000	47,883	47,883	-
Town Clerk	53,671	53,671	53,501	170
Telephone Services and Website	12,056	12,508	12,508	-
Pool Secretaries	59,368	61,853	61,853	-
Town Office Building	37,522	50,673	50,673	-
Planning and Zoning Commission	18,870	19,426	19,426	-
Land Use	500	500	387	113
Economic Development	225	225	225	-
Conservation Commission	1,100	1,100	299	801
Conservation/Wetlands Enforcement Officer	7,000	7,000	4,700	2,300
Highways	387,530	413,976	413,976	-
Tree Maintenance	15,000	15,000	11,155	3,845
Street Lighting	18,500	18,500	16,053	2,447
Social Security	56,184	56,184	53,782	2,402
Deferred Compensation	15,421	16,512	16,512	-
Regional Planning Agencies	38,553	38,553	38,355	198
Insurance	260,938	212,152	212,152	-
Police Department	184,767	184,767	182,748	2,019
Fire Department	120,290	121,408	121,408	-
Emergency Management	4,030	4,030	3,986	44
Fire Marshal	10,875	10,875	8,625	2,250
Building Official	21,662	21,662	20,761	901
Blight Enforcement Officer	3,927	3,927	3,783	144
Sanitation and Waste Removal	70,000	76,099	76,099	-
Waste Management	63,000	69,912	69,912	-
Commission on Aging	66,660	66,660	61,118	5,542
Capital Projects	14,700	14,700	6,093	8,607

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, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
General Government (Continued)				
Parks and Playground	\$ 750	\$ 1,106	\$ 1,106	\$ -
Recreation Facilities	1,825	1,825	1,601	224
Recreation Events	3,650	3,650	688	2,962
Other Recreation Programs	1,250	1,250	-	1,250
Grist Mill	15,572	15,572	14,910	662
Historical Museum	2,130	2,130	304	1,826
Library	83,402	83,402	78,867	4,535
Miscellaneous	17,875	17,871	11,094	6,777
Water and Sewer Authority	8,500	8,500	7,167	1,333
Computer Service and Supplies	57,577	46,180	46,180	-
Total General Government	<u>1,973,011</u>	<u>1,993,011</u>	<u>1,927,579</u>	<u>65,432</u>
Education				
Board of Education	<u>6,787,139</u>	<u>6,787,139</u>	<u>6,573,845</u>	<u>213,294</u>
Debt Service				
Principal Payments	560,000	560,000	560,000	-
Interest and Fiscal Charges	291,875	291,875	287,625	4,250
Total Debt Service	<u>851,875</u>	<u>851,875</u>	<u>847,625</u>	<u>4,250</u>
Total Expenditures	<u>9,612,025</u>	<u>9,632,025</u>	<u>9,349,049</u>	<u>282,976</u>
Excess (Deficiency) of Revenues Over Expenditures				
	95,838	75,838	453,381	377,543
Other Financing Sources and (Uses)				
Appropriation from Fund Balance	-	433,077	-	(433,077)
Transfers In - Capital Nonrecurring Fund	105,000	105,000	105,000	-
Transfers Out - Capital Nonrecurring Fund	(22,000)	(435,077)	(435,077)	-
Total Other Financing Sources and (Uses)	<u>83,000</u>	<u>103,000</u>	<u>(330,077)</u>	<u>(433,077)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis				
	<u>\$ 178,838</u>	<u>\$ 178,838</u>	<u>123,304</u>	<u>\$ (55,534)</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			523,453	
Expenditures from Teachers' Retirement and OPEB			(523,453)	
Some Education Grants are Reported Net on the Budget Basis				
Revenues from Education Grants			121,360	
Expenditures from Education Grants			(121,360)	
Certain Grants Net for Budget Basis				
Revenues from Grants			9,003	
Expenditures from Grants			(9,003)	
Water and Sewer Payments to Town for Debt Service				
Transfers in from Water and Sewer			67,055	
Payment of Water and Sewer Debt			(67,055)	
Change in Accrued Payroll - Town			<u>24,879</u>	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis			<u>\$ 148,183</u>	

See accountant's report.

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

Schedule of Proportionate Share of Net Pension Liability

	2022	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%	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>6,107,678</u>	<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>\$ 6,107,678</u>	<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>\$ 1,894,471</u>	<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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>60.77%</u>	<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 Five Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	2022	2021	2020	2019	2018
Town's percentage of the net OPEB liability	0.00%	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	665,420	1,150,190	1,263,046	1,248,358	1,780,523
Total	\$ 665,420	\$ 1,150,190	\$ 1,263,046	\$ 1,248,358	\$ 1,780,523
Town's covered payroll	\$ 1,894,471	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	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 an open 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 Five Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 14,492	\$ 13,753	\$ 23,230	\$ 20,633	\$ 20,930
Interest	6,235	6,072	23,224	24,077	21,838
Differences Between Expected and Actual Experience	(130,099)	(333)	(410,287)	(21,666)	3,595
Changes of Assumptions	(26,347)	1,505	(4,063)	22,587	(17,926)
Benefit Payments	(7,153)	(8,483)	(10,582)	(6,855)	(25,011)
Net Change in Total OPEB Liability	(142,872)	12,514	(378,478)	38,776	3,426
Total OPEB Liability - Beginning	277,715	265,201	643,679	604,903	601,477
Total OPEB Liability - Ending*	<u>\$ 134,843</u>	<u>\$ 277,715</u>	<u>\$ 265,201</u>	<u>\$ 643,679</u>	<u>\$ 604,903</u>
Covered Payroll	\$ 1,629,594	\$ 1,795,785	\$ 1,750,278	\$ 1,977,969	\$ 1,927,845
Total OPEB Liability as a Percentage of Covered Payroll	8.27%	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, 2022
Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	3.54% (Prior 2.16%)
Salary Increases	2.40% (Prior 2.60%)
Healthcare Cost Trend Rates	6.50% in 2021, decreases by 0.2% per year down to 4.4% in 2032 and beyond. Prior: 6.50% in 2019, decreases by 0.2% per year down to 4.6% in 2029 and beyond.
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, projected to valuation date with Scale MP-2021. Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, 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, 2022

	SPECIAL REVENUE FUNDS				
	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund
Assets					
Cash and Cash Equivalents	\$ 11,942	\$ 49,488	\$ 12,105	\$ -	\$ 2,151
Inventories	-	-	3,346	-	-
Due from Other Funds	-	-	41,722	14,814	-
Total Assets	<u>\$ 11,942</u>	<u>\$ 49,488</u>	<u>\$ 57,173</u>	<u>\$ 14,814</u>	<u>\$ 2,151</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	-	-	57,173	-	2,151
Committed	11,942	49,488	-	14,814	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>11,942</u>	<u>49,488</u>	<u>57,173</u>	<u>14,814</u>	<u>2,151</u>
Total Liabilities and Fund Balances	<u>\$ 11,942</u>	<u>\$ 49,488</u>	<u>\$ 57,173</u>	<u>\$ 14,814</u>	<u>\$ 2,151</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	SPECIAL REVENUE FUNDS		PERMANENT FUND	Total
	Student Activity Fund	Senior Smile Fund	Lovett Cemetery Fund	
Assets				
Cash and Cash Equivalents	\$ 17,996	\$ 832	\$ 1,210	\$ 95,724
Inventories	-	-	-	3,346
Due from Other Funds	-	-	-	56,536
Total Assets	<u>\$ 17,996</u>	<u>\$ 832</u>	<u>\$ 1,210</u>	<u>\$ 155,606</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	17,996	-	-	77,320
Committed	-	832	-	77,076
Unassigned	-	-	(40)	(40)
Total Fund Balances	<u>17,996</u>	<u>832</u>	<u>1,210</u>	<u>155,606</u>
Total Liabilities and Fund Balances	<u>\$ 17,996</u>	<u>\$ 832</u>	<u>\$ 1,210</u>	<u>\$ 155,606</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, 2022

	SPECIAL REVENUE FUNDS				
	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund
Revenues					
Intergovernmental Revenues	\$ 246	\$ -	\$ 272,949	\$ -	\$ -
Charges for Services	-	-	8,306	830	-
Interest Income	1	-	-	-	1
Other Revenue	2,015	-	-	-	-
Total Revenues	<u>2,262</u>	<u>-</u>	<u>281,255</u>	<u>830</u>	<u>1</u>
Expenditures					
General Government	356	-	-	-	-
Education	-	-	232,275	-	97
Total Expenditures	<u>356</u>	<u>-</u>	<u>232,275</u>	<u>-</u>	<u>97</u>
Excess/(Deficiency) of Revenues Over Expenditures	1,906	-	48,980	830	(96)
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	1,906	-	48,980	830	(96)
Fund Balances at Beginning of Year	<u>10,036</u>	<u>49,488</u>	<u>8,193</u>	<u>13,984</u>	<u>2,247</u>
Fund Balances at End of Year	<u>\$ 11,942</u>	<u>\$ 49,488</u>	<u>\$ 57,173</u>	<u>\$ 14,814</u>	<u>\$ 2,151</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, 2022

	SPECIAL REVENUE FUNDS		PERMANENT FUND	Total
	Student Activity Fund	Senior Smile Fund	Lovett Cemetery Fund	
Revenues				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 273,195
Charges for Services	4,988	-	-	14,124
Interest Income	2	-	-	4
Other Revenue	-	1,196	-	3,211
Total Revenues	<u>4,990</u>	<u>1,196</u>	<u>-</u>	<u>290,534</u>
Expenditures				
General Government	-	922	-	1,278
Education	8,580	-	-	240,952
Total Expenditures	<u>8,580</u>	<u>922</u>	<u>-</u>	<u>242,230</u>
Excess/(Deficiency) of Revenues Over Expenditures	(3,590)	274	-	48,304
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	(3,590)	274	-	48,304
Fund Balances at Beginning of Year	21,586	558	1,210	107,302
Fund Balances at End of Year	<u>\$ 17,996</u>	<u>\$ 832</u>	<u>\$ 1,210</u>	<u>\$ 155,606</u>

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Schedule of Debt Limitation

June 30, 2022

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 5,931,471

Reimbursement for Revenue Loss on:

 Tax Relief for Elderly - Prior Fiscal Year -

Base \$ 5,931,471

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
	(2.25 x base)	(4.50 x base)	(3.75 x base)	(3.25 x base)	(3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	\$ 13,345,810	\$ 26,691,620	\$ 22,243,016	\$ 19,277,281	\$ 17,794,413
Indebtedness:					
Bonds Payable	5,765,490	451,510	603,000	-	-
CWF Loans Payable	-	-	494,248	-	-
Authorized but Unissued Debt	60,000	80,210	-	-	-
Total Indebtedness	5,825,490	531,720	1,097,248	-	-
Debt Limitation in Excess of Debt*	\$ 7,520,320	\$ 26,159,900	\$ 21,145,768	\$ 19,277,281	\$ 17,794,413

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$41,520,297.

See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2022

List of 10/1:	Outstanding July 1, 2021	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Collections During the Year				Outstanding June 30, 2022
			Additions	Deductions			Taxes	Interest	Liens	Total	
2020		\$ 6,075,833	\$ 8,676	\$ 28,063	\$ -	\$ 6,056,446	\$ 5,919,865	\$ 27,302	\$ 122	\$ 5,947,289	\$ 136,581
2019	\$ 120,304	-	1,447	1,776	-	119,975	80,281	15,325	581	96,187	39,694
2018	47,684	-	190	-	13,457	34,417	21,494	8,689	192	30,375	12,923
2017	7,856	-	-	-	-	7,856	1,333	2,739	24	4,096	6,523
2016	1,893	-	-	-	-	1,893	-	-	-	-	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
	\$ 181,554	\$ 6,075,833	\$ 10,313	\$ 29,839	\$ 13,457	\$ 6,224,404	6,022,973	54,055	919	6,077,947	\$ 201,431

Net Grand List - October 1, 2020

Tax Rate: 36.00 mills

Total Suspense Collections	5,483	5,200	-	10,683
Total Collections	\$ 6,028,456	\$ 59,255	\$ 919	\$ 6,088,630

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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
1000 - Regular Instruction				
1000.51110. Wages Paid to Teachers	\$ 1,070,688	\$ 1,070,688	\$ 1,100,982	\$ (30,294)
1000.51120. Wages Paid to Instructional Aides	45,843	45,843	40,066	5,777
1000.52100. Group Life Insurance- Regular	756	756	747	9
1000.52200. FICA/Medicare Employer	20,289	20,289	30,459	(10,170)
1000.52500. Tuition Reimbursement	10,000	10,000	2,032	7,968
1000.52800. Health Insurance - Regular	308,843	308,843	247,645	61,198
1000.53200. Substitutes - Regular Education	8,500	8,500	-	8,500
1000.53230. Purchased Pupil Services	1,250	1,250	-	1,250
1000.54300. Equipment Repairs & Maint	-	-	26	(26)
1000.54420. Equipment Leasing	21,064	21,064	19,233	1,831
1000.56100. General Supplies - Regular Education	7,000	7,000	4,238	2,762
1000.56110. Instructional Supplies - Regular Education	3,000	3,000	18,093	(15,093)
1000.56400. Workbooks/Disposables	10,000	10,000	21,944	(11,944)
1000.56410. Textbooks	3,000	3,000	8,301	(5,301)
1000.56501. Ink and Toner	8,000	8,000	11,300	(3,300)
1000.57300. Equipment - Non Instructional	-	-	1,899	(1,899)
1000.58100. Dues & Fees	9,710	9,710	7,955	1,755
	<u>1,527,943</u>	<u>1,527,943</u>	<u>1,514,920</u>	<u>13,023</u>
1200 - Special Education				
1200.51110. Wages Paid to Teachers	341,409	341,409	340,691	718
1200.51120. Wages Paid to Instructional Aides	276,143	276,143	190,851	85,292
1200.51901. Wages Paid - Other Non Certified Staff	86,666	86,666	85,415	1,251
1200.52100. Group Life Insurance - SPED	930	930	845	85
1200.52200. FICA/Medicare Employer	35,643	35,643	25,339	10,304
1200.52300. Pension Contributions	3,467	3,467	3,465	2
1200.52800. Health Insurance	276,676	276,676	195,412	81,264
1200.53200. Substitutes - SPED	8,500	8,500	-	8,500
1200.53230. Purchased Pupil Services	29,000	29,000	(7,623)	36,623
1200.53300. Other Prof/Tech Services	2,500	2,500	3,101	(601)
1200.55800. Travel Reimbursement	1,200	1,200	31	1,169
1200.56100. General Supplies- Special Education	1,000	1,000	1,007	(7)
1200.56110. Instructional Supplies	1,000	1,000	2,261	(1,261)
1200.56400. Workbooks/Disposables	500	500	-	500
1200.58100. Dues & Fees	760	760	250	510
	<u>1,065,394</u>	<u>1,065,394</u>	<u>841,045</u>	<u>224,349</u>
1300 - Adult Education - Cooperative				
1300.55690. Tuition - Adult Cooperative	16,050	16,050	13,629	2,421
1500 - Stipends - Extracurricular				
1500.51930. Extra Curricular Stipends Paid	11,809	11,809	13,670	(1,861)
1500.52200. FICA/Medicare Employer	-	-	-	-
	<u>11,809</u>	<u>11,809</u>	<u>13,670</u>	<u>(1,861)</u>
1600 - Summer School				
1600.51110. Wages Paid to Teachers - Summer School	5,000	5,000	3,060	1,940
1600.51120. Wages Paid to Inst Aides - Summer School	2,250	2,250	1,588	662
1600.51901. Wages Paid - Other Non-Cert - Summer School	2,400	2,400	2,663	(263)
1600.52200. FICA/Medicare Employer - Summer School	309	309	369	(60)
	<u>9,959</u>	<u>9,959</u>	<u>7,680</u>	<u>2,279</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, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
1700 - Tutoring				
1700.000100.51110. Wages Paid to Teachers - Reg Ed	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
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
	<u>18,700</u>	<u>18,700</u>	<u>-</u>	<u>18,700</u>
1800 - Stipends - Sports Teams				
1800.51930. Sports Teams Stipends Paid	16,283	16,283	15,123	1,160
1800.52200. FICA/Medicare Employer	1,245	1,245	135	1,110
1800.53540. Sports Officials	3,570	3,570	1,973	1,597
1800.56100. General Supplies - Sports Teams	-	-	5,480	(5,480)
	<u>21,098</u>	<u>21,098</u>	<u>22,711</u>	<u>(1,613)</u>
2110 - Social Work Services				
2110.51900. Wages Paid - Social Worker	83,472	83,472	23,383	60,089
2110.52100. Group Life Insurance - Social Worker	38	38	27	11
2110.52200. FICA/Medicare Employer	1,211	1,211	317	894
2110.52800. Health Insurance - Social Worker	21,822	21,822	4,771	17,051
2110.56100. Supplies - Social Worker	200	200	89	111
2110.56110. Instructional Supplies	-	-	159	(159)
	<u>106,743</u>	<u>106,743</u>	<u>28,746</u>	<u>77,997</u>
2130 - Health Office				
2130.51901. Wages Paid - School Nurse	85,034	85,034	80,373	4,661
2130.51910. Wages Paid - Nurse Substitutes	4,000	4,000	-	4,000
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	8,280	8,280	8,247	33
2130.52800. Health Insurance - Health Office	11,409	11,409	10,840	569
2130.53230. Purchased Pupil Services	585	585	720	(135)
2130.53300. Other Prof/Tech Services	600	600	600	-
2130.54300. Repairs & Maint Equipment	200	200	-	200
2130.55800. Conference/Travel - Health Office	700	700	125	575
2130.56100. Supplies	2,400	2,400	702	1,698
2130.56430. Professional Periodicals	100	100	27	73
2130.58100. Dues & Fees	600	600	331	269
	<u>115,984</u>	<u>115,984</u>	<u>104,041</u>	<u>11,943</u>
2140 - Psychological Services				
2140.51900. Wages Paid - School Psychologist	51,638	51,638	51,638	-
2140.52100. Group Life Insurance - Psychologist	38	38	24	14
2140.52200. FICA/Medicare Employer	749	749	671	78
2140.52800. Health Insurance	10,730	10,730	18,664	(7,934)
2140.53230. Purchased Pupil Services	2,000	2,000	2,888	(888)
2140.56100. Assessment Supplies	2,000	1,200	160	1,040
2140.56110. Instructional Supplies	200	200	-	200
	<u>67,355</u>	<u>66,555</u>	<u>74,045</u>	<u>(7,490)</u>
2150 - Speech & Audiology Services				
2150.53230. Purchased Pupil Services	64,974	64,974	72,228	(7,254)
2150.56100. Supplies	775	1,575	1,365	210
	<u>65,749</u>	<u>66,549</u>	<u>73,593</u>	<u>(7,044)</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, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
2210 - Improvement of Instruction				
2210.53220. In Service	\$ 4,000	\$ 4,000	\$ 350	\$ 3,650
2210.55800. Conference/Travel - Professional Development	6,000	6,000	865	5,135
2210.56100. Supplies	2,000	2,000	-	2,000
	<u>12,000</u>	<u>12,000</u>	<u>1,215</u>	<u>10,785</u>
2220 - Library/Media Services				
2220.56420. Library Books	-	-	5,000	(5,000)
2220.56430. Periodicals	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
2230 - Technology				
2230.51901. Wages Paid - Technology Staff	12,622	12,622	13,236	(614)
2230.52100. Group Life Insurance - Technology	8	8	8	-
2230.52200. FICA/Medicare Employer	966	966	990	(24)
2230.52300. Pension Contributions - Technology	505	505	505	-
2230.52800. Health Insurance - Technology	2,282	2,282	2,168	114
2230.53520. Other Technical Services	76,014	76,014	75,978	36
2230.56100. Supplies	500	500	510	(10)
2230.56500. Technology Supplies	2,000	2,000	-	2,000
2230.57340. Technology Hardware - Instructional	1,000	1,000	79,756	(78,756)
2230.57341. Technology Hardware - Non-Instructional	3,000	3,000	7,460	(4,460)
2230.57350. Software - Instructional	12,725	12,725	5,110	7,615
2230.57351. Software - Non-Instructional	25,920	25,920	35,327	(9,407)
	<u>137,542</u>	<u>137,542</u>	<u>221,048</u>	<u>(83,506)</u>
2310 - Board of Education				
2310.51901. Wages Paid - Non-Certified Staff	12,302	12,302	12,490	(188)
2310.52100. Group Life Insurance - BOE Office	8	8	7	1
2310.52200. FICA/Medicare Employer - BOE Office	941	941	901	40
2310.52300. Pension Contributions - BOE Office	493	493	493	-
2310.52600. Unemployment Compensation - BOE Office	3,000	3,000	-	3,000
2310.52700. Workers' Compensation - BOE Office	22,823	22,823	20,883	1,940
2310.52800. Health Insurance - BOE Office	6,030	6,030	5,169	861
2310.53020. Legal Services - BOE Office	25,825	25,825	-	25,825
2310.55200. Property/Liability Insurance - BOE Office	21,459	21,459	19,979	1,480
2310.55400. Advertising - BOE Office	500	500	4,453	(3,953)
2310.55800. Conference/Travel - BOE Office	300	300	-	300
2310.56100. Supplies - BOE Office	1,400	1,400	1,022	378
2310.58100. Dues & Fees - BOE Office	2,416	2,416	11,560	(9,144)
2310.58900. Graduation Costs - BOE Office	1,000	1,000	733	267
	<u>98,497</u>	<u>98,497</u>	<u>77,690</u>	<u>20,807</u>
2320 - Superintendents Office				
2320.51900. Wages Paid - Superintendent	75,500	75,500	77,000	(1,500)
2320.51901. Wages Paid - Non-Certified Staff	12,302	12,302	12,490	(188)
2320.52100. Group Life Insurance - Superintendent Office	134	134	7	127
2320.52200. FICA/Medicare Employer	2,072	2,072	2,018	54
2320.52300. Pension Contributions - Superintendent's Office	493	493	493	-
2320.52800. Health Insurance - Superintendent's Office	6,030	6,030	5,169	861
2320.55800. Conference/Travel - Superintendent's Office	1,000	1,000	-	1,000
2320.56100. Supplies - Superintendent's Office	300	300	108	192
2320.58100. Dues & Fees - Superintendent's Office	1,561	1,561	3,695	(2,134)
	<u>99,392</u>	<u>99,392</u>	<u>100,980</u>	<u>(1,588)</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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
2400 - School Administration Office				
2400.51900. Wages Paid - Principal	\$ 125,050	\$ 125,050	\$ 125,294	\$ (244)
2400.51901. Wages Paid - Non-Certified Staff	59,163	59,163	44,508	14,655
2400.52100. Group Life Insurance - School Administration Office	202	202	164	38
2400.52200. FICA/Medicare Employer	6,340	6,340	5,118	1,222
2400.52300. Pension Contributions - School Admin Office	1,770	1,770	-	1,770
2400.52800. Health Insurance - School Administration Office	26,725	26,725	25,333	1,392
2400.53300. Other Professional Services	2,000	2,000	-	2,000
2400.55301. Postage	3,500	3,500	1,566	1,934
2400.55800. Conference/Travel - School Administration Office	750	750	-	750
2400.56100. Supplies	2,500	2,500	666	1,834
2400.58100. Dues & Fees	1,014	1,014	249	765
	<u>229,014</u>	<u>229,014</u>	<u>202,898</u>	<u>26,116</u>
2510 - Business Office				
2510.51901. Wages Paid - Non Certified Staff	91,863	91,863	98,399	(6,536)
2510.52100. Group Life Insurance - Business Office	68	68	68	-
2510.52200. FICA/Medicare Employer	7,028	7,028	7,437	(409)
2510.52300. Pension Contributions - Business Office	2,020	2,020	4,524	(2,504)
2510.52800. Health Insurance - Business Office	9,127	9,127	8,672	455
2510.53300. Other Professional Services - Business Office	15,000	15,000	14,407	593
2510.53410. Audit/Accounting Services - Business Office	25,750	25,750	24,732	1,018
2510.55800. Conference/Travel - Business Office	300	300	-	300
2510.56100. Supplies - Business Office	1,000	1,000	3,150	(2,150)
	<u>152,156</u>	<u>152,156</u>	<u>161,389</u>	<u>(9,233)</u>
2600 - Buildings & Grounds				
2600.51901. Wages Paid - Custodial Staff	109,255	109,255	103,517	5,738
2600.52100. Group Life Insurance- Maintenance Department	138	138	148	(10)
2600.52200. FICA/Medicare Employer	8,358	8,358	7,586	772
2600.52300. Pension Contributions - Maintenance Office	3,528	3,528	3,060	468
2600.52800. Health Insurance - Maintenance	11,409	11,409	31,291	(19,882)
2600.54010. Purchased Property Services	23,075	23,075	26,124	(3,049)
2600.54101. Rubbish Removal	7,935	7,935	8,383	(448)
2600.54300. Equipment Repairs & Maint	5,000	5,000	22,982	(17,982)
2600.54301. Building Repairs & Maint	5,000	5,000	79,276	(74,276)
2600.54411. Water	2,500	2,500	2,697	(197)
2600.54412. Sewer	1,700	1,700	1,915	(215)
2600.55300. Communications - Telephone & Internet	11,000	11,000	7,879	3,121
2600.55800. Conference/Travel - Building Maintenance	100	100	-	100
2600.56100. General Supplies - Maintenance Department	16,000	16,000	11,426	4,574
2600.56220. Electricity	60,550	60,550	84,755	(24,205)
2600.56230. Liquid Propane	11,000	11,000	19,552	(8,552)
2600.56240. Heating Oil	21,150	21,150	16,830	4,320
2600.56260. Gasoline	400	400	81	319
2600.57300. Equipment - Non Instructional	-	-	13,192	(13,192)
2600.57330. Furniture & Fixtures	-	-	8,211	(8,211)
	<u>298,098</u>	<u>298,098</u>	<u>448,905</u>	<u>(150,807)</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, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
2700 - Student Transportation				
2700.55100. Contracted Pupil Transp Reg	\$ 394,192	\$ 394,192	\$ 350,190	\$ 44,002
2700.55108. Contracted Pupil Transp Spec Ed HS	81,030	81,030	79,317	1,713
2700.55109. Contracted Pupil Transp Spec Ed Elem	22,905	22,905	53,600	(30,695)
2700.55150. Contracted Pupil Transp Athletics/Ext Curr	8,775	8,775	6,056	2,719
2700.55151. Contracted Pupil Transp Field Trips	2,500	2,500	261	2,239
2700.56260. Gasoline	35,000	35,000	44,057	(9,057)
	<u>544,402</u>	<u>544,402</u>	<u>533,481</u>	<u>10,921</u>
6000 - HS Tuition				
6000.000100.55610. Tuition- HS Regular Ed - Public Schools	1,180,533	1,180,533	1,036,443	144,090
6000.000200.55610. Tuition- HS Special Ed - Public Schools	524,480	524,480	592,991	(68,511)
6000.000200.55630. Tuition- HS Special Ed - Private Schools	259,859	259,859	237,931	21,928
	<u>1,964,872</u>	<u>1,964,872</u>	<u>1,867,365</u>	<u>97,507</u>
6100 - Elementary Tuition				
6100.000100.55660. Tuition - Elem Magnet Schools	144,984	39,825	40,725	(900)
6100.000200.55631. Tuition - Elem Special Ed - Private Schools	79,398	79,398	122,395	(42,997)
6100.000200.55660. Tuition - Elem Special Ed Magnet Schools	-	105,159	96,674	8,485
	<u>224,382</u>	<u>224,382</u>	<u>259,794</u>	<u>(35,412)</u>
Total Expenditures	\$ 6,787,139	\$ 6,787,139	\$ 6,573,845	\$ 213,294

See accountant's report.

**Other
Supplemental
Schedules**

TOWN OF SPRAGUE, CONNECTICUT

Comparative Assessed Valuations

For the Year Ended June 30, 2022

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
2020	72.6%	16.0%	11.4%	\$ 189,559,668	\$ 23,435,992	\$ 166,123,676
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

*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 10/1/20 Net Taxable Grand Lists

Name	Nature of Business	Valuation	Percent of Net Taxable Grand List
AMGRAPH Packaging, Inc.	Printing and Packaging	\$ 14,746,958	8.88%
Fusion Solar Center LLC	Utility	10,316,190	6.21%
Eversource	Utility	3,524,560	2.12%
Mohegan Golf LLC	Golf Course	2,264,800	1.36%
Sprague Paperboard INC	Boxboard & Printing	1,696,170	1.02%
Yankee Gas Services Company	Utility	1,105,860	0.67%
Laliberte, Keith	Real Estate - Rentals	888,020	0.53%
AVL Investments LLC	Real Estate - Apartments	575,090	0.35%
Spielman, Arthur III	Farming	556,765	0.34%
Pine Tree Holdings LLC	Manufacturing	484,640	0.29%
		<u>\$ 36,159,053</u>	<u>21.77%</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, 2022

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, 2022
2020	2022	\$ 166,123,676	36.00	\$ 6,056,446	97.7%	2.3%	2.3%
2019	2021	163,500,064	35.75	5,891,515	98.0%	2.0%	0.7%
2018	2020	162,822,920	34.75	5,711,647	97.7%	2.3%	0.2%
* 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%

*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, 2022

Fiscal Year Ending 6/30	Principal	Interest	Total
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	<u>\$ 6,820,000</u>	<u>\$ 2,470,745</u>	<u>\$ 9,290,745</u>

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Debt Statement
As of June 30, 2022

Direct Debt

Long-term Debt

General Purpose	\$ 5,765,490
Schools	451,510
Sewer	<u>1,097,248</u>
Total Long-term Debt	<u>7,314,248</u>

Total Direct Debt 7,314,248

Less:

Self Supporting Debt	
Sewer	<u>1,034,248</u>

Total Net Direct Debt 6,280,000

Overlapping Debt

-

Total Overall Net Debt \$ 6,280,000

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Current Debt Ratios

June 30, 2022

Population	2,973
Net Taxable 2020 Grand List	\$ 166,123,676
Estimated Full Value 2020 Grand List	\$ 237,319,537
Equalized Net 2020 Grand List	\$ 316,156,907

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Total Net Overall Debt</u>
Total Debt	\$ 7,314,248	\$ 6,280,000	\$ 6,280,000
Per Capita	2,460	2,112	2,112
Total Debt to Net Taxable 2019 Grand List	4.40%	3.78%	3.78%
Total Debt to Estimated Full Value 2019 Grand List	3.08%	2.65%	2.65%
Total Debt to Equalized Net 2019 Grand List	2.31%	1.99%	1.99%

(Unaudited)
See accountant's report.

TOWN OF SPRAGUE, CONNECTICUT

Federal Single Audit

For the Year Ended June 30, 2022

TOWN OF SPRAGUE, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2022

	<u>Page</u>
Internal Control and Compliance Report	
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 <i>Government Auditing Standards</i>	1
Federal Single Audit Section	
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9



**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, 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

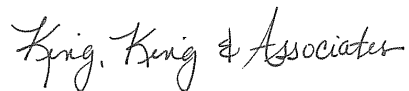
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
February 13, 2023



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

To the Board of Finance
Town of Sprague, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Sprague, CT’s (“Town”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town’s major federal programs for the year ended June 30, 2022. The Town’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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 federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 federal 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 13, 2023, 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 federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



King, King & Associates, CPAs
Winsted, CT
February 13, 2023

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
United States Department of Agriculture				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-SDE64370-20508	\$ -	\$ 67,486
National School Lunch Program	10.555	12060-SDE64370-20560	-	166,667
National School Lunch Program Emergency Operating Cost Reimbursement	10.555	12060-SDE64370-23085	-	6,032
National School Lunch Program - USDA Commodities	10.555	N/A	-	15,217
			<u>-</u>	<u>255,402</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	12060-SDE64370-29802	-	614
State Administrative Expense for School Nutrition	10.560	12060-SDE64370-23126	-	9,960
Total United States Department of Agriculture			<u>-</u>	<u>265,976</u>
United States Department of Education				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679	-	100,267
Special Education Cluster (IDEA):				
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	-	7,010
COVID-19 - Special Education Stipend	84.027	12060-SDE64370-20977	-	20,000
Special Education - Grants to States	84.027	12060-SDE64370-20977	-	124,765
			<u>-</u>	<u>151,775</u>
Title II - Improving Teacher Quality Grants	84.367	12060-SDE64370-20858	-	12,682
Title IV - Student Support and Academic Enrichment	84.424	12060-SDE64370-22854	-	9,826
Education Stabilization Fund Cluster:				
COVID-19 - Elementary & Secondary School Emergency Relief Fund (ESSER)	84.425D	12060-SDE64370-29571	-	268,087
COVID-19 - ARP - Elementary & Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	12060-SDE64370-29636	-	147,142
			<u>-</u>	<u>415,229</u>
<i>Passed Through EASTCONN:</i>				
Title III - English Language Acquisition	84.365	N/A	-	1,196
<i>Direct:</i>				
Rural Education Achievement Program	84.358	N/A	-	32,785
Total United States Department of Education			<u>-</u>	<u>723,760</u>

See notes to schedule.

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
United States Department of the Treasury				
<i>Passed Through the State of Connecticut State Libraries:</i>				
COVID - 19 - IMLS ARPA Grant - Library	21.019	12060-CSL66011-29642	\$ -	\$ 3,000
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
COVID - 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	12060-OPM20600-29669	-	<u>3,503</u>
Total United States Department of the Treasury			-	<u>6,503</u>
United States Department of Homeland Security				
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>				
COVID - 19 - Disaster Grants - Public Assistance	97.036	12060-DPS32990-21891	-	<u>5,036</u>
Total United States Department of Homeland Security			-	<u>5,036</u>
United States Environmental Protection Agency				
<i>Passed Through the National Fish and Wildlife Foundation:</i>				
Planning for Fish Passage on Beaver Brook (CT)	66.437	1401.19.065848	-	<u>21,428</u>
Total United States Environmental Protection Agency			-	<u>21,428</u>
United States Department of Housing and Urban Development				
<i>Passed Through the State of Connecticut Department of Housing:</i>				
Community Development Block Grant	14.218	12060-DOH46920-20730	-	<u>49,275</u>
Total United States Department of Housing and Urban Development			-	<u>49,275</u>
Total Expenditures of Federal Awards			\$ -	\$ <u>1,071,978</u>

See notes to schedule.

TOWN OF SPRAGUE, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of the Town of Sprague, Connecticut ("Town") under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Summary of Significant Accounting Policies

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when the related fund liability is incurred, if measurable.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Noncash Awards

Donated commodities in the amount of \$15,217 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. This amount represents the market value of commodities received.

Indirect Costs

The Town of Sprague has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, and issued our unmodified report thereon dated February 13, 2023.

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

Federal Awards

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 Federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 516(a) of the Uniform Guidance? _____ Yes ✓ No

Identification of Major Programs

10.553, 10.555 Child Nutrition Cluster
84.425D, 84.425U Education Stabilization Fund Cluster

Dollar Threshold

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Low-Risk Auditee

The Town of Sprague, Connecticut did not qualify as a low-risk auditee.

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated February 13, 2023, 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. FEDERAL AWARD - FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported relating to federal award programs.

TOWN OF SPRAGUE, CONNECTICUT

State Single Audit

For the Year Ended June 30, 2022

TOWN OF SPRAGUE, CONNECTICUT

Table of Contents

For the Year Ended June 30, 2022

	<u>Page</u>
Internal Control and Compliance Report	
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 <i>Government Auditing Standards</i>	1
State Single Audit Section	
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	3
Schedule of Expenditures of State Financial Assistance	6
Notes to Schedule of Expenditures of State Financial Assistance	7
Schedule of Findings and Questioned Costs	8



**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, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated February 13, 2023.

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.

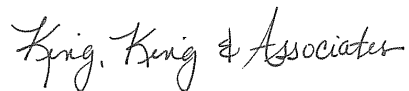
Our consideration of internal control was for the limited purpose described in first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
February 13, 2023



**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

Opinion on Each Major State Program

We have audited the Town of Sprague, CT's ("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, 2022. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (C.G.S Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of the report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Single Audit Act and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

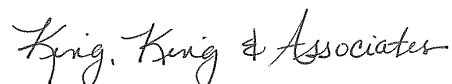
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 13, 2023, 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, CPAs
Winsted, CT
February 13, 2023

TOWN OF SPRAGUE, CONNECTICUT
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2022

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	\$ 1,629
Healthy Foods Initiative	11000-SDE64370-16212	2,695
Adult Education	11000-SDE64370-17030	18,421
School Breakfast Program	11000-SDE64370-17046	2,649
Health and Welfare - Private School Pupil	11000-SDE64370-17034	26,910
Magnet Schools	11000-SDE64370-17057	2,600
Talent Development	11000-SDE64370-12552	1,115
Office of Early Childhood		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64845-16274-83013	141,750
Child Care Quality Enhancement	11000-OEC64845-16158	3,881
Connecticut State Library		
Connecticard Payments	11000-CSL66051-17010	246
Historic Documents Preservation Grants	12060-CSL66094-35150	5,500
Department of Justice		
Judicial Fines and Fees	34001-JUD95162-40001	1,265
Department of Housing		
Affordable Housing Plan Grant	12039-DOH46920-40233	1,975
Department of Energy and Environmental Protection		
Municipal Open Space Program	12052-DEP43153-43144	158,200
Department of Administrative Services		
FAD - Temporary Holding Account	34003-DAS23920-42350	635
Office of Policy and Management		
Tiered Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17111	10,534
MRSA Tiered Payment in Lieu of Taxes (PILOT)	12060-OPM20600-35691	3,743
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	699
Distressed Municipalities	11000-OPM20600-17016	1,803
Distressed Municipalities	12052-OPM20600-43750	5,878
Municipal Purposes and Projects	12052-OPM20600-43587	386,528
Property Tax Relief for Veterans	11000-OPM20600-17024	1,728
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	32,819
Town Aid Road - STO	13033-DOT57131-43459	32,819
Bus Operations	12001-DOT57931-12175	5,695
Total State Financial Assistance Before Exempt Programs		\$ 851,717
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	59,372
Department of Education		
Educational Cost Sharing	11000-SDE64370-17041-82010	2,666,678
Excess Costs Student Based and Equity	11000-SDE64370-17047	71,679
Total Exempt Programs		2,815,208
Total State Financial Assistance		\$ 3,666,925

See notes to schedule.

TOWN OF SPRAGUE, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. 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, 2022:

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	\$ 530,616	\$ -	\$ 36,368	\$ 494,248

TOWN OF SPRAGUE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, and issued our unmodified report thereon dated February 13, 2023.

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
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	32,819
Town Aid Road - STO	13033-DOT57131-43459	32,819
Department of Energy and Environmental Protection		
Municipal Open Space Program	12052-DEP43153-43144	158,200
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 100,000</u>

TOWN OF SPRAGUE, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated February 13, 2023, 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

FINDING 2022-001 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND OTHER MATTERS

Grantor: Department of Energy and Environmental Protection
State Program Name: Municipal Open Space Program
State Grant Program CORE-CT Number: 12052-DEP43153-43144

Criteria

The Town should have in place internal controls over compliance to ensure that grant programs are administered in accordance with all grant requirements.

Condition

During our testing, it was noted that the Town did not erect a permanent plaque or sign identifying the project area, funding source, and that the project is a preserved open space accessible to the public for passive recreation, in accordance with the grant requirements.

Effect

Noncompliance with a requirement of the grant program.

Recommendation

We recommend that the Town erects the required plaque for the grant and evaluates its internal controls over grant compliance to ensure that all grant requirements are met in future grants.

Management's Response

The Town has now erected the required plaque for the grant and will evaluate and strengthen its internal controls related to grant programs.