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# **TOWN OF SPRAGUE, CONNECTICUT**

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Annual Financial Statements

For the Year Ended June 30, 2023

# TOWN OF SPRAGUE, CONNECTICUT

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For the Year Ended June 30, 2023

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# **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, 2023, 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, 2023, 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town 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 judgment, 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, 48-50, and 51-53 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.

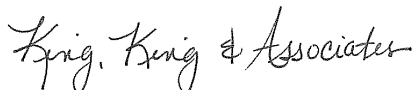
### **Other Information**

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 January 30, 2024, 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  
January 30, 2024

# TOWN OF SPRAGUE, CONNECTICUT

## Management's Discussion and Analysis

June 30, 2023

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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, 2023.

### 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 \$25,935,488 (*net position*). Of this amount, \$725,093 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. This amount consists of \$228,518 that is attributable to the Town's governmental activities and \$496,575 that is attributable to the Town's water and sewer activities (business-type activities). Restricted net position of \$1,105,086 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 \$863,134.
- In the Town's business-type activities, total net position decreased by \$53,360.
- As of the close of the current fiscal year, the Town of Sprague, CT's governmental funds reported combined ending fund balances of \$2,247,282, an increase of \$1,062,582 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$823,021 or 8.2% of total General Fund budgeted expenditures and transfers out. The total fund balance of the General Fund was \$1,187,760 or 11.8% 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, 2023

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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, and ARPA Grant 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, 2023

**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 21-47 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 \$25,935,488 at the close of the most recent fiscal year.

#### SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 5,297,777	\$ 2,526,852	\$ 530,006	\$ 596,590	\$ 5,827,783	\$ 3,123,442
Capital Assets	28,007,380	28,813,240	3,156,523	3,225,973	31,163,903	32,039,213
Total Assets	<u>33,305,157</u>	<u>31,340,092</u>	<u>3,686,529</u>	<u>3,822,563</u>	<u>36,991,686</u>	<u>35,162,655</u>
Deferred Outflows of Resources	24,558	19,503	-	-	24,558	19,503
Other Liabilities	2,527,981	849,190	10,775	13,811	2,538,756	863,001
Long-term Liabilities	6,799,535	7,325,753	974,802	1,054,440	7,774,337	8,380,193
Total Liabilities	<u>9,327,516</u>	<u>8,174,943</u>	<u>985,577</u>	<u>1,068,251</u>	<u>10,313,093</u>	<u>9,243,194</u>
Deferred Inflows of Resources	767,663	813,250	-	-	767,663	813,250
Net Position:						
Net Investment						
in Capital Assets	21,900,932	22,173,379	2,204,377	2,191,725	24,105,309	24,365,104
Restricted	1,105,086	620,268	-	-	1,105,086	620,268
Unrestricted	228,518	(422,245)	496,575	562,587	725,093	140,342
Total Net Position	<u>\$ 23,234,536</u>	<u>\$ 22,371,402</u>	<u>\$ 2,700,952</u>	<u>\$ 2,754,312</u>	<u>\$ 25,935,488</u>	<u>\$ 25,125,714</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and improvements, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets decreased by \$259,795 during the current fiscal year.

The Town's restricted net position of \$1,105,086 increased by \$484,818 compared to last years restricted net position of \$620,268. This increase is mainly due to the required loan payment to the CT MARB which was triggered by the General Fund balance reaching certain thresholds. See Note 7 on page 35 for additional information.

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, 2023

STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 299,676	\$ 227,326	\$ 575,682	\$ 581,531	\$ 875,358	\$ 808,857
Operating Grants and Contributions	5,252,210	4,951,886	-	-	5,252,210	4,951,886
Capital Grants and Contributions	32,606	351,613	-	-	32,606	351,613
<i>General Revenues:</i>						
Property Taxes	6,657,411	6,333,799	-	-	6,657,411	6,333,799
Unrestricted Grants & Contributions	209,726	47,825	-	-	209,726	47,825
Unrestricted Investment Income	89,899	5,625	242	264	90,141	5,889
Other	67,640	11,529	-	-	67,640	11,529
Total Revenues	<u>12,609,168</u>	<u>11,929,603</u>	<u>575,924</u>	<u>581,795</u>	<u>13,185,092</u>	<u>12,511,398</u>
<b>EXPENSES</b>						
<i>Governmental Activities:</i>						
General Government	1,707,304	1,644,315	-	-	1,707,304	1,644,315
Public Safety	391,077	429,134	-	-	391,077	429,134
Public Works	624,265	678,913	-	-	624,265	678,913
Education	8,789,777	8,195,676	-	-	8,789,777	8,195,676
Interest on Long-Term Debt	213,611	241,503	-	-	213,611	241,503
<i>Business-Type Activities:</i>						
Water and Sewer	-	-	649,284	590,805	649,284	590,805
Total Expenses	<u>11,726,034</u>	<u>11,189,541</u>	<u>649,284</u>	<u>590,805</u>	<u>12,375,318</u>	<u>11,780,346</u>
Change in Net Position Before Transfers	883,134	740,062	(73,360)	(9,010)	809,774	731,052
Transfers	(20,000)	-	20,000	-	-	-
Change in Net Position	863,134	740,062	(53,360)	(9,010)	809,774	731,052
Beginning 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>
Ending Net Position	<u>\$ 23,234,536</u>	<u>\$ 22,371,402</u>	<u>\$ 2,700,952</u>	<u>\$ 2,754,312</u>	<u>\$ 25,935,488</u>	<u>\$ 25,125,714</u>

**Governmental activities.** Governmental activities increased the Town of Sprague, CT's net position by \$863,134.

Fifty-three percent (53%) of the revenues of the Town were derived from property taxes, followed by forty-four percent (44%) from grants and contributions, two percent (2%) from charges for services and 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 36 to 36.25.
- Revenue from grants and contributions increased during the current fiscal year when compared to the prior fiscal year due to the actuarially determined adjustments for the State Teachers Retirement and TRB OPEB plan which are recognized as a revenue and expense.

# TOWN OF SPRAGUE, CONNECTICUT

## Management's Discussion and Analysis

June 30, 2023

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Seventy-five percent (75%) of the expenses of the Town were related to education, followed by fifteen percent (15%) related to general government, five percent (5%) related to public works, three percent (3%) related to public safety, and two percent (2%) related to interest on long-term debt.

Major expense factors included:

- The education expenses increased during the current fiscal year when compared to the prior fiscal year due to the actuarially determined adjustments for the State Teachers Retirement and TRB OPEB plan which are recognized as a revenue and expense.

**Business-Type activities.** The business-type activities consist of the water and sewer fund. The net position decreased by \$53,360 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 \$2,247,282, an increase of \$1,062,582 in comparison with the prior year. Thirty-five percent (35%) 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 \$823,021. 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 8.4 percent of total General Fund Budget Basis expenditures.

The fund balance of the Town of Sprague, CT's General Fund increased by \$692,213 during the current fiscal year. Key factors in this increase are as follows:

- Revenues coming in over budget by \$432,769 particularly in tax collections, charges for services, and intergovernmental grant, and investment income.
- Expenditures coming in \$362,391 under budget, with \$126,649 of that coming from the Education line and \$235,742 of that coming from the General Government line.
- The Town made an additional transfer of \$158,025 to the Capital Nonrecurring Fund. This was Town Aid Road funds previously received in the General Fund being moved to Capital Nonrecurring Fund to be spent on approved road projects.

**TOWN OF SPRAGUE, CONNECTICUT**

Management's Discussion and Analysis

June 30, 2023

**Capital Nonrecurring Fund.** The fund balance of the Capital Nonrecurring Fund increased by \$357,305 during the current fiscal year. This increase is primarily related to the approved transfer of prior town aid road funds to Capital Nonrecurring Fund for road projects along with the current years receipt of Town Aid Road Fund which will be used on future road projects.

**ARPA Grant Fund** is used to account for and report financial resources related to the Federal American Rescue Plan Act grant.

**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
<b>REVENUES</b>			
Property Taxes	\$ 6,568,716	\$ 6,612,456	\$ 43,740
Intergovernmental	3,119,484	3,285,020	165,536
Local Revenues	208,684	343,786	135,102
Investment Income	1,500	89,891	88,391
<b>Total Revenues</b>	<u>9,898,384</u>	<u>10,331,153</u>	<u>432,769</u>
<b>EXPENDITURES</b>			
General Government Operating Budget	2,108,649	1,872,907	235,742
Board of Education	6,895,693	6,769,044	126,649
Debt Service	814,475	814,475	-
<b>Total Expenditures</b>	<u>9,818,817</u>	<u>9,456,426</u>	<u>362,391</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Appropriation from Fund Balance	158,025	-	(158,025)
Transfers	<u>(182,096)</u>	<u>(182,096)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(24,071)</u>	<u>(182,096)</u>	<u>(158,025)</u>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ 55,496</u>	<u>\$ 692,631</u>	<u>\$ 637,135</u>

The original approved budget projected a surplus of \$55,496. The Town approved additional appropriations from fund balance of \$158,025 during the year to be transferred to the Capital Nonrecurring Fund. This transfer was of town aid road funds previously received in the General Fund, being transferred for use on future road projects in the Capital Nonrecurring Fund.

# TOWN OF SPRAGUE, CONNECTICUT

Management's Discussion and Analysis

June 30, 2023

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## 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, 2023, amounts to \$31,163,903 (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 \$875,309.

	<u>2023</u>	<u>2022</u>
<i>Governmental Activities:</i>		
Land	\$ 9,783,677	\$ 9,783,677
Construction in Progress	21,670	19,030
Buildings and Systems	5,037,692	5,191,771
Machinery and Equipment	1,246,531	1,376,075
Infrastructure	11,917,810	12,442,687
	<u>\$ 28,007,380</u>	<u>\$ 28,813,240</u>
	<u>2023</u>	<u>2022</u>
<i>Business-Type Activities:</i>		
Buildings and Systems	\$ 2,804,369	\$ 2,912,637
Machinery and Equipment	352,154	313,336
	<u>\$ 3,156,523</u>	<u>\$ 3,225,973</u>

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

- Kettle equipment for café
- Purchase of hardware for Town technology
- Indoor Heat and A/C unit for senior center and finance office
- 2022 Ford F250 truck for water and sewer
- Disposal of 2007 Chevrolet Van from water and sewer

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, 2023

**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 \$7,774,337.

	<u>2023</u>	<u>2022</u>
<i>Governmental Activities:</i>		
General Obligation Bonds	\$ 5,775,000	\$ 6,280,000
Unamortized Bond Premiums	331,448	359,861
Loans Payable	500,000	500,000
Landfill Post-Closure Liability	1,200	2,400
Compensated Absences	52,040	48,649
OPEB Liability	139,847	134,843
Total Governmental Activities	<u>\$ 6,799,535</u>	<u>\$ 7,325,753</u>
<i>Business-Type Activities:</i>		
Bonds Payable	\$ 495,000	\$ 540,000
Loans Payable	457,146	494,248
Compensated Absences	22,656	20,192
Total Business-Type Activities	<u>\$ 974,802</u>	<u>\$ 1,054,440</u>

The Town of Sprague, CT's total long-term debt and other long-term liabilities decreased by \$605,856 (7.2 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 "Baa2" 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 2024 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, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,409,324	\$ 362,198	\$ 4,771,522
Restricted Cash	28,312	-	28,312
Receivables, Net of Allowance	838,744	164,455	1,003,199
Prepays	6,392	1,000	7,392
Inventories	15,005	2,353	17,358
Capital Assets:			
Assets Not Being Depreciated	9,805,347	-	9,805,347
Assets Being Depreciated, Net	<u>18,202,033</u>	<u>3,156,523</u>	<u>21,358,556</u>
Total Assets	<u>33,305,157</u>	<u>3,686,529</u>	<u>36,991,686</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows - OPEB	<u>24,558</u>	-	<u>24,558</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Items	253,424	10,775	264,199
Unearned Revenue	2,161,320	-	2,161,320
Performance Bonds	28,312	-	28,312
Accrued Interest Payable	84,925	-	84,925
Noncurrent Liabilities:			
Due Within One Year	895,171	102,973	998,144
Due In More Than One Year	<u>5,904,364</u>	<u>871,829</u>	<u>6,776,193</u>
Total Liabilities	<u>9,327,516</u>	<u>985,577</u>	<u>10,313,093</u>
<b>Deferred Inflows of Resources</b>			
Prepayment on Lease Agreement	313,117	-	313,117
Deferred Inflows - OPEB	<u>454,546</u>	-	<u>454,546</u>
Total Deferred Inflows of Resources	<u>767,663</u>	-	<u>767,663</u>
<b>Net Position</b>			
Net Investment in Capital Assets	21,900,932	2,204,377	24,105,309
Restricted for:			
Purposes of Trust - Nonexpendable	1,250	-	1,250
Community Development	346,836	-	346,836
Road Maintenance	308,219	-	308,219
Education	61,832	-	61,832
OPM Loan Repayment	349,724	-	349,724
Other Purposes	37,225	-	37,225
Unrestricted	<u>228,518</u>	<u>496,575</u>	<u>725,093</u>
Total Net Position	<u>\$ 23,234,536</u>	<u>\$ 2,700,952</u>	<u>\$ 25,935,488</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, 2023

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
<b>Governmental Activities:</b>							
General Government	\$ 1,707,304	\$ 157,072	\$ 51,988	\$ 12,606	\$ (1,485,638)	\$ -	\$ (1,485,638)
Public Safety	391,077	-	-	-	(391,077)	-	(391,077)
Public Works	624,265	110,696	564,531	20,000	70,962	-	70,962
Education	8,789,777	31,908	4,635,691	-	(4,122,178)	-	(4,122,178)
Interest on Long-Term Debt	213,611	-	-	-	(213,611)	-	(213,611)
Total Governmental Activities	<u>11,726,034</u>	<u>299,676</u>	<u>5,252,210</u>	<u>32,606</u>	<u>(6,141,542)</u>	<u>-</u>	<u>(6,141,542)</u>
<b>Business-Type Activities:</b>							
Water and Sewer	<u>649,284</u>	<u>575,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,602)</u>	<u>(73,602)</u>
Total Primary Government	<u>\$ 12,375,318</u>	<u>\$ 875,358</u>	<u>\$ 5,252,210</u>	<u>\$ 32,606</u>	<u>(6,141,542)</u>	<u>(73,602)</u>	<u>(6,215,144)</u>
<b>General Revenues:</b>							
Property Taxes, Payment in Lieu of Taxes, Interest and Liens					6,657,411	-	6,657,411
Grants and Contributions not Restricted to Specific Programs					209,726	-	209,726
Unrestricted Investment Earnings					89,899	242	90,141
Other					67,640	-	67,640
Transfers					(20,000)	20,000	-
Total General Revenues and Transfers					<u>7,004,676</u>	<u>20,242</u>	<u>7,024,918</u>
Change in Net Position					863,134	(53,360)	809,774
Net Position at Beginning of Year					<u>22,371,402</u>	<u>2,754,312</u>	<u>25,125,714</u>
Net Position at End of Year					<u>\$ 23,234,536</u>	<u>\$ 2,700,952</u>	<u>\$ 25,935,488</u>

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

**TOWN OF SPRAGUE, CONNECTICUT**

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	Capital Nonrecurring Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 4,004,785	\$ 274,958	\$ -	\$ 129,581	\$ 4,409,324
Restricted Cash	28,312	-	-	-	28,312
Receivables, Net of Allowance	352,319	43,539	-	442,886	838,744
Prepays	4,592	1,800	-	-	6,392
Inventories	10,423	-	-	4,582	15,005
Due from Other Funds	62,467	1,713,460	769,676	14,814	2,560,417
<b>Total Assets</b>	<b>\$ 4,462,898</b>	<b>\$ 2,033,757</b>	<b>\$ 769,676</b>	<b>\$ 591,863</b>	<b>\$ 7,858,194</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Items	\$ 203,339	\$ 50,085	\$ -	\$ -	\$ 253,424
Unearned Revenue	-	1,355,697	769,676	35,947	2,161,320
Performance Bonds	28,312	-	-	-	28,312
Due to Other Funds	2,483,136	14,814	-	62,467	2,560,417
<b>Total Liabilities</b>	<b>2,714,787</b>	<b>1,420,596</b>	<b>769,676</b>	<b>98,414</b>	<b>5,003,473</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue:					
Property Taxes and Interest	218,882	-	-	-	218,882
Grants	-	43,539	-	3,549	47,088
Other	28,352	-	-	-	28,352
Unearned Revenue:					
Prepayment on Lease Agreement	313,117	-	-	-	313,117
<b>Total Deferred Inflows of Resources</b>	<b>560,351</b>	<b>43,539</b>	<b>-</b>	<b>3,549</b>	<b>607,439</b>
<b>Fund Balances</b>					
Nonspendable	15,015	-	-	1,250	16,265
Restricted	349,724	345,444	-	408,668	1,103,836
Committed	-	228,448	-	80,022	308,470
Assigned	-	26,199	-	-	26,199
Unassigned	823,021	(30,469)	-	(40)	792,512
<b>Total Fund Balances</b>	<b>1,187,760</b>	<b>569,622</b>	<b>-</b>	<b>489,900</b>	<b>2,247,282</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,462,898</b>	<b>\$ 2,033,757</b>	<b>\$ 769,676</b>	<b>\$ 591,863</b>	<b>\$ 7,858,194</b>

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, 2023

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**Fund balances reported in governmental funds Balance Sheet** \$ 2,247,282

**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>	44,799,788
<i>Depreciation</i>	(16,792,408)

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>	218,882
<i>Grants receivable</i>	47,088
<i>Other receivable</i>	28,352

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

<i>Deferred Outflows - OPEB</i>	24,558
<i>Deferred Inflows - OPEB</i>	(454,546)

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>	(84,925)
<i>Bonds Payable</i>	(5,775,000)
<i>Bond Premiums</i>	(331,448)
<i>Loan Payable</i>	(500,000)
<i>Compensated Absences</i>	(52,040)
<i>OPEB Liability</i>	(139,847)
<i>Post-closure Landfill Costs</i>	<u>(1,200)</u>

**Net position of governmental activities** \$ 23,234,536

**TOWN OF SPRAGUE, CONNECTICUT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	General Fund	Capital Nonrecurring Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes, Interest and Lien Fees	\$ 6,612,456	\$ -	\$ -	\$ -	\$ 6,612,456
Intergovernmental Revenues	4,056,641	178,003	72,943	1,024,800	5,332,387
Charges for Services	210,874	56,856	-	31,908	299,638
Interest Income	89,891	-	-	8	89,899
Other	67,678	3,320	-	4,177	75,175
Total Revenues	<u>11,037,540</u>	<u>238,179</u>	<u>72,943</u>	<u>1,060,893</u>	<u>12,409,555</u>
<b>Expenditures</b>					
Current:					
General Government	1,001,558	18,498	40,337	3,713	1,064,106
Public Safety	313,617	-	-	-	313,617
Public Works	559,150	-	-	-	559,150
Education	7,539,665	-	-	1,044,116	8,583,781
Debt Service:					
Principal	505,000	-	-	-	505,000
Interest and Issuance Costs	244,241	-	-	-	244,241
Capital Outlay	-	44,472	32,606	-	77,078
Total Expenditures	<u>10,163,231</u>	<u>62,970</u>	<u>72,943</u>	<u>1,047,829</u>	<u>11,346,973</u>
Excess/(Deficiency) of Revenues over Expenditures	874,309	175,209	-	13,064	1,062,582
<b>Other Financing Sources/(Uses)</b>					
Transfers In	52,929	235,025	-	-	287,954
Transfers Out	(235,025)	(52,929)	-	-	(287,954)
Total Other Financing Sources/(Uses)	<u>(182,096)</u>	<u>182,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	692,213	357,305	-	13,064	1,062,582
Fund Balances at Beginning of Year	<u>495,547</u>	<u>212,317</u>	<u>-</u>	<u>476,836</u>	<u>1,184,700</u>
Fund Balances at End of Year	<u>\$ 1,187,760</u>	<u>\$ 569,622</u>	<u>\$ -</u>	<u>\$ 489,900</u>	<u>\$ 2,247,282</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, 2023

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**Net change in fund balances - total governmental funds** \$ 1,062,582

**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>	44,410
<i>Depreciation expense</i>	(850,270)

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>	36,708
<i>Grant revenue accrual basis change</i>	(14,304)
<i>Other revenues accrual basis change</i>	8,247

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>	505,000
<i>Amortization of premiums</i>	28,413

<i>Amortization of deferred outflows related to OPEB benefits</i>	5,055
<i>Amortization of deferred inflows related to OPEB benefits</i>	42,271

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>	2,217
<i>Compensated Absences</i>	(3,391)
<i>Post-closure Landfill Costs</i>	1,200
<i>OPEB Liability</i>	<u>(5,004)</u>

**Change in net position of governmental activities** \$ 863,134

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

**TOWN OF SPRAGUE, CONNECTICUT**

Statement of Net Position

Proprietary Funds

June 30, 2023

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	<b>Business-Type Activities - Enterprise Fund Water and Sewer Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 362,198
Usage Receivable	164,455
Prepaid Expenses	1,000
Inventories	2,353
Total Current Assets	<u>530,006</u>
Capital Assets, Net	<u>3,156,523</u>
<b>Total Assets</b>	<u>3,686,529</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Accrued Expenses	10,775
Bonds Payable	45,000
Loans Payable	37,851
Compensated Absences	20,122
Total Current Liabilities	<u>113,748</u>
Noncurrent Liabilities:	
Bonds Payable	450,000
Loans Payable	419,295
Compensated Absences	2,534
Total Noncurrent Liabilities	<u>871,829</u>
<b>Total Liabilities</b>	<u>985,577</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,204,377
Unrestricted	496,575
<b>Total Net Position</b>	<u>\$ 2,700,952</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, 2023

	<b>Business-Type Activities - Enterprise Fund Water and Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 575,682
Miscellaneous	-
Total Operating Revenues	575,682
<b>OPERATING EXPENSES</b>	
Salaries and Related	248,809
Contractual Services	46,960
Utilities	86,993
Repairs and Maintenance	77,662
Other Supplies and Expenses	43,528
Depreciation Expense	115,552
Total Operating Expenses	619,504
Operating Income/(Loss)	(43,822)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	242
Interest Expense	(29,780)
Total Nonoperating Revenues (Expenses)	(29,538)
Income/(Loss) before Capital Contributions and Transfers	(73,360)
Capital Contributions	20,000
Transfers	-
Change in Net Position	(53,360)
Net Position - Beginning of Year	2,754,312
Net Position - End of Year	\$ 2,700,952

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, 2023

	<b>Business-Type Activities - Enterprise Fund Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Customers and Users	\$ 525,641
Payments to Employees	(246,345)
Payments to Suppliers	(258,303)
Net Cash Provided by Operating Activities	<u>20,993</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchase of Capital Assets	(26,102)
Principal Paid on Bonds	(45,000)
Principal Paid on Loans	(37,102)
Interest Paid on Capital Debt	(29,780)
Net Cash Used by Capital and Related Financing Activities	<u>(137,984)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	242
Net Cash Provided by Investing Activities	<u>242</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(116,749)
Cash and Cash Equivalents at Beginning of Year	<u>478,947</u>
Cash and Cash Equivalents at End of Year	<u>\$ 362,198</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>	
Operating Income/(Loss)	<u>\$ (43,822)</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	(50,041)
(Increase) Decrease in Inventories	(124)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(3,036)
Increase (Decrease) in Compensated Absences	2,464
Total Adjustments	<u>64,815</u>
Net Cash Provided by Operating Activities	<u>\$ 20,993</u>
<b>Noncash Capital and Related Financing Activity:</b>	
Capital Contributions from Other Funds	<u>\$ 20,000</u>

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

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**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

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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

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- 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 *ARPA Grant Fund* is used to account for and report financial resources related to the Federal American Rescue Plan Act grant.

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

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*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, 2023. 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

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*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:

<b>Assets</b>	<b>Years</b>	<b>Capitalization Threshold</b>
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

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*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

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*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

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**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, 2023, several line-item transfers were made to the Town’s budget along with an additional appropriation of \$158,025.

**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, 2023.

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**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, 2023.

	Governmental Funds	Proprietary Funds	Total
Cash	\$ 608,600	\$ 362,198	\$ 970,798
Cash Equivalents	3,800,724	-	3,800,724
Restricted Cash	28,312	-	28,312
	\$ 4,437,636	\$ 362,198	\$ 4,799,834

*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	\$ 4,799,834
Less: Cash Equivalents (STIF)	(3,800,724)
	\$ 999,110

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$999,110 and the bank balance was \$1,230,965. Of the bank balance, Federal Depository Insurance Corporation insured \$500,000.

As of June 30, 2023, \$730,965 of the Town’s bank balance of \$1,230,965 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 607,869
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	123,096
Total	\$ 730,965

**Cash Equivalents**

At June 30, 2023, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$3,800,724. 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, 2023, Town receivable balances were as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 243,032	\$ -	\$ -	\$ -	\$ 243,032
Interest, Liens, and Fees	59,417	-	-	-	59,417
Usage	-	-	164,455	-	164,455
Intergovernmental	32,633	43,539	-	122,445	198,617
Loans *	-	-	-	320,441	320,441
Accounts	47,237	-	-	-	47,237
Gross receivables	<u>382,319</u>	<u>43,539</u>	<u>164,455</u>	<u>442,886</u>	<u>1,033,199</u>
Less allowance for doubtful accounts	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Total allowance	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Net Total Receivables	<u>\$ 352,319</u>	<u>\$ 43,539</u>	<u>\$ 164,455</u>	<u>\$ 442,886</u>	<u>\$ 1,003,199</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>
Capital Nonrecurring Fund	
Advances on Grants	\$ 1,355,697
ARPA Grant Fund	
Advances on Grants	769,676
Education Grants Fund	
Advances on Grants	<u>35,947</u>
Total Unearned Revenue	<u>\$ 2,161,320</u>

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**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, 2023, the outstanding balances between funds were:

Payable Fund	Receivable Fund	Total
Capital Nonrecurring	Nonmajor Governmental Funds	\$ 14,814
General Fund	ARPA Fund	769,676
General Fund	Capital Nonrecurring Fund	1,713,460
Nonmajor Governmental Funds	General Fund	62,467
		\$ 2,560,417

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, 2023, were as follows:

Transfers In	Transfers Out	Amount
Capital Nonrecurring	General Fund	\$ 235,025
General Fund	Capital Nonrecurring	52,929
		\$ 287,954

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2023, consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 9,783,677	\$ -	\$ -	\$ 9,783,677
Construction in Progress	19,030	2,640	-	21,670
Total capital assets, not being depreciated	9,802,707	2,640	-	9,805,347
Capital assets, being depreciated:				
Buildings and Systems	11,494,628	-	-	11,494,628
Machinery and Equipment	4,864,064	41,770	-	4,905,834
Infrastructure	18,593,979	-	-	18,593,979
Total capital assets, being depreciated	34,952,671	41,770	-	34,994,441
Less accumulated depreciation for:				
Buildings and Systems	6,302,857	154,079	-	6,456,936
Machinery and Equipment	3,487,989	171,314	-	3,659,303
Infrastructure	6,151,292	524,877	-	6,676,169
Total accumulated depreciation	15,942,138	850,270	-	16,792,408
Total capital assets, being depreciated	19,010,533	(808,500)	-	18,202,033
<i>Governmental Activities capital assets, net</i>	<b>\$ 28,813,240</b>	<b>\$ (805,860)</b>	<b>\$ -</b>	<b>\$ 28,007,380</b>

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

General Government	\$ 616,902
Public Safety	76,310
Public Works	56,434
Education	100,624
	<b>\$ 850,270</b>

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

Capital asset activity for business-type activities for the year ended June 30, 2023, 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	46,102	(22,988)	798,224
Total capital assets, being depreciated	<u>6,445,475</u>	<u>46,102</u>	<u>(22,988)</u>	<u>6,468,589</u>
Less accumulated depreciation for:				
Buildings and Systems	2,757,728	108,268	-	2,865,996
Machinery and Equipment	461,774	7,284	(22,988)	446,070
Total accumulated depreciation	<u>3,219,502</u>	<u>115,552</u>	<u>(22,988)</u>	<u>3,312,066</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 3,225,973</u>	<u>\$ (69,450)</u>	<u>\$ -</u>	<u>\$ 3,156,523</u>

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

Water and Sewer	<u>\$ 115,552</u>
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**NOTE 7 – LONG-TERM LIABILITIES**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 6,280,000	\$ -	\$ 505,000	\$ 5,775,000	\$ 505,000
Unamortized Bond Premiums	359,861	-	28,413	331,448	27,531
CT Municipal Restructuring Loan	500,000	-	-	500,000	349,724
Landfill Post-closure Liability	2,400	-	1,200	1,200	1,200
Compensated Absences	48,649	3,391	-	52,040	11,716
OPEB Liability	134,843	5,004	-	139,847	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 7,325,753</u>	<u>\$ 8,395</u>	<u>\$ 534,613</u>	<u>\$ 6,799,535</u>	<u>\$ 895,171</u>
<b>Business-Type Activities</b>					
Bonds Payable	\$ 540,000	\$ -	\$ 45,000	\$ 495,000	\$ 45,000
Loans Payable	494,248	-	37,102	457,146	37,851
Compensated Absences	20,192	2,464	-	22,656	20,122
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,054,440</u>	<u>\$ 2,464</u>	<u>\$ 82,102</u>	<u>\$ 974,802</u>	<u>\$ 102,973</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, 2023 is as follows:

	Year of Issue (FY)	Maturity Date (FY)	Interest Rate	Original Amount	Balance June 30, 2023
<b>Governmental Activities</b>					
General Obligation Bonds	2006	2025	3.75-5.00%	\$ 1,600,000	\$ 160,000
General Obligation Bonds	2009	2025	2.50-4.00%	1,810,000	210,000
General Obligation Bonds - Town Portion	2013	2034	3.50-4.375%	4,390,000	1,755,000
General Obligation Bonds	2021	2046	4.00%	3,880,000	3,650,000
				<u>11,680,000</u>	<u>5,775,000</u>
<b>Business-Type Activities</b>					
General Obligation Bonds - WPCA Portion	2013	2034	3.50-4.375%	900,000	495,000
Clean Water Fund Loan	2015	2034	2.00%	775,645	457,146
				<u>1,675,645</u>	<u>952,146</u>
				<u>\$ 13,355,645</u>	<u>\$ 6,727,146</u>

Annual debt service requirements on bonds and loans payable as of June 30, 2023 are as follows:

Year(s)	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	365,000	155,690	86,001	17,401	451,001	173,091
2029-2033	1,425,000	589,187	442,758	48,700	1,867,758	637,887
2034-2038	925,000	348,697	87,339	1,409	1,012,339	350,106
2039-2043	825,000	181,500	-	-	825,000	181,500
2044-2048	495,000	29,700	-	-	495,000	29,700
	<u>\$ 5,775,000</u>	<u>\$ 2,096,573</u>	<u>\$ 952,146</u>	<u>\$ 161,796</u>	<u>\$ 6,727,146</u>	<u>\$ 2,258,369</u>

Interest incurred and expensed on general obligation bonds and loans payable for the year ended June 30, 2023, in the governmental and business-type activities totaled, \$213,611 and \$29,780, respectively.

**Authorized, Unissued Bonds**

As of June 30, 2023, there were no authorized but unissued bonds.

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**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 based on the Towns fund balance percentage. If the Town has a fund balance of at least 5%, but less than 7.5% of expenditures, the town will 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 be 50% of the surplus. Any year in which the Town achieves a fund balance of 10% or more of expenditures, the reimbursement will be 40% 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 Connecticut General Statutes 7-576i, may waive the final payment requirement.

During the year ended June 30, 2023, the Town achieved a fund balance percentage of greater than 10% of expenditures and, therefore, is required to pay back 40% of the year’s surplus calculated before transfers. The amount required to be repaid to OPM in FY2024 based on this calculation is \$349,724.

**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 year total is \$1,200. 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 \$283.



**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**NOTE 8 - FUND BALANCE COMPONENTS**

The components of fund balance for the governmental funds at June 30, 2023 are as follows:

	General Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Permanent Funds	\$ -	\$ -	\$ 1,250	\$ 1,250
Prepays	4,592	-	-	4,592
Inventories	10,423	-	-	10,423
Total Nonspendable	<u>15,015</u>	<u>-</u>	<u>1,250</u>	<u>16,265</u>
Restricted for:				
OPM Loan Repayment	349,724	-	-	349,724
Community Development	-	-	346,836	346,836
Capital Purposes	-	345,444	-	345,444
Education	-	-	61,832	61,832
Total Restricted	<u>349,724</u>	<u>345,444</u>	<u>408,668</u>	<u>1,103,836</u>
Committed to:				
General Government	-	-	30,534	30,534
Public Safety	-	-	49,488	49,488
Capital Purposes	-	228,448	-	228,448
Total Committed	<u>-</u>	<u>228,448</u>	<u>80,022</u>	<u>308,470</u>
Assigned:				
Capital Purposes	-	26,199	-	26,199
Total Assigned	<u>-</u>	<u>26,199</u>	<u>-</u>	<u>26,199</u>
Unassigned	<u>823,021</u>	<u>(30,469)</u>	<u>(40)</u>	<u>792,512</u>
Total Fund Balances	<u>\$ 1,187,760</u>	<u>\$ 569,622</u>	<u>\$ 489,900</u>	<u>\$ 2,247,282</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

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**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 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](http://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. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective January 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement preceded normal retirement date.

*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 benefits regardless of length of service. Five years of credited service is required to be eligible for non-service-related disability. 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.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefits as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

*Pre-Retirement Death Benefit:* The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

*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. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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*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, 2023, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$128,489. Covered payroll for the Town for the year ended June 30, 2023, was approximately \$1,835,557.

*Administrative Expenses:* Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2023 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>7,689,885</u>
Total	\$	<u>7,689,885</u>

The net pension liability was measured as of June 30, 2022, 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, 2023, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized benefits expense and contribution revenue of \$606,293 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$743,236 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, 2022, 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
Investment rate of return	6.90 Percent net of pension plan investment expense, including inflation.

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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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%.

The long-term expected rate of return on pension plan 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the State of Connecticut's 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%	5.40%
Developed Market Intl. Stock Fund	11.00%	6.40%
Emerging Market Intl. Stock Fund	9.00%	8.60%
Core Fixed Income Fund	13.00%	0.80%
Emerging Market Debt Fund	5.00%	3.80%
High Yield Bond Fund	3.00%	3.40%
Real Estate Fund	19.00%	5.20%
Private Equity	10.00%	9.40%
Private Credit	5.00%	6.50%
Alternative Investments	3.00%	3.10%
Liquidity Fund	2.00%	-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

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#### **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 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](http://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 \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 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. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

*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 \$8,575.

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.

*Administrative Expenses* -. Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r if the Connecticut General Statutes.

*Actuarial Assumptions* - The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 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

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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	3.54%
Prior Measurement Date	2.16%

The projected fiduciary net position is projected to be depleted in 2027.

Single equivalent interest rate

Measurement Date	3.53%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.17%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	Known increases until calendar year 2024, then General trend decreasing to an ultimate rate of 4.5% by 2031.
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Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

*Long-Term Rate of Return* - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of 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%	-0.98%	1.12%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		1.50%	

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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*Discount Rate* - The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 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 2027 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%
Net OPEB Liability	\$ 578,806	\$ 673,458	\$ 801,654

*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 (2.53%)	Current Discount Rate (3.53%)	1% Increase (4.53%)
Net OPEB liability	\$ 813,211	\$ 673,458	\$ 563,237

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2023 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

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Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>673,458</u>
Total	\$	<u>673,458</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense and revenue of \$8,575 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$40,594 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>25</u>

*Total OPEB Liability* - The Town's total OPEB liability of \$139,847 was measured as of June 30, 2023, 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:

<b>Measurement Date</b>	June 30, 2023 reporting date
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage of Salary
<b>Salary Increases</b>	2.40% (Prior 2.60%)
<b>Discount Rate</b>	3.65% as of June 30, 2023 and 3.54% as of June 30, 2022, which is based on the 20-year AA municipal bond index.
<b>Mortality Rates</b>	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for teachers, projected to the valuation date with Scale MP-2021
<b>Inflation</b>	2.40% as of June 30, 2023 and 2.60% as of June 30, 2022
<b>Healthcare Cost Trend Rates</b>	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 6/30/22	\$ 134,843
Changes for the year:	
Service Cost	9,364
Interest	4,830
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	7,582
Changes in Assumptions	(1,142)
Benefit Payments	(15,630)
Net Changes	<u>5,004</u>
Balance at 6/30/23	<u>\$ 139,847</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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 150,587	\$ 139,847	\$ 129,892

**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	\$ 123,097	\$ 139,847	\$ 158,783

*OPEB Expense:* For the year ended June 30, 2023, the Town recognized OPEB expense of (\$35,493). As of June 30, 2023, 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	\$ 9,101	\$ (417,660)
Changes of assumptions	15,457	(36,886)
Total	\$ 24,558	\$ (454,546)

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:	
2024	\$ (40,886)
2025	(40,886)
2026	(40,886)
2027	(40,886)
2028	(40,886)
Thereafter	(225,558)
	\$ (429,988)

**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.

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**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, 2023, the Town received its scheduled payment of \$200,000, while the abated taxes were estimated at \$321,586.

**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.

**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.

**TOWN OF SPRAGUE, CONNECTICUT**  
Notes to the Financial Statements

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**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, 2023, was \$313,116 and is included with Deferred Inflows of Resources on the government-wide statement of net position and General Fund balance sheet.

**NOTE 15 – SUBSEQUENT EVENTS**

The town sold property for \$300,000 on July 14, 2023. After the Town paid for settlement charges and paid back the grant of \$111,000 received from DOH for renovations to the property, the Town received proceeds of \$174,000 which was deposited in the Capital Nonrecurring Fund.

**NOTE 16 – 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. 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.

**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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>REVENUES</b>				
<b>Property Taxes</b>				
Current Year Taxes	\$ 6,116,716	\$ 6,116,716	\$ 6,120,139	\$ 3,423
PILOT Solar Farm	200,000	200,000	200,005	5
Prior Year Taxes	125,000	125,000	140,098	15,098
Interest and Lien Fees	55,000	55,000	82,854	27,854
Motor Vehicle Supplement	72,000	72,000	69,360	(2,640)
<b>Total Property Taxes</b>	<u>6,568,716</u>	<u>6,568,716</u>	<u>6,612,456</u>	<u>43,740</u>
<b>Intergovernmental</b>				
<b>Education</b>				
Education Cost Sharing	2,682,435	2,682,435	2,685,918	3,483
<b>Total Education</b>	<u>2,682,435</u>	<u>2,682,435</u>	<u>2,685,918</u>	<u>3,483</u>
<b>Local</b>				
Telecommunications Property Grant	4,500	4,500	5,570	1,070
MRSA Municipal Projects	386,528	386,528	473,408	86,880
PILOT State Property	14,278	14,278	14,378	100
Mashantucket Pequot Grant	17,479	17,479	17,479	-
Veterans Tax Relief	1,160	1,160	1,160	-
Disability Exemption Reimbursement	761	761	697	(64)
Judicial 10th Circuit	1,000	1,000	1,595	595
Emergency Management Agency	2,800	2,800	-	(2,800)
Elderly and Disabled Transportation Grant	8,543	8,543	2,848	(5,695)
Motor Vehicle Transition Grant	-	-	81,967	81,967
<b>Total Local</b>	<u>437,049</u>	<u>437,049</u>	<u>599,102</u>	<u>162,053</u>
<b>Total Intergovernmental</b>	<u>3,119,484</u>	<u>3,119,484</u>	<u>3,285,020</u>	<u>165,536</u>
<b>Licenses, Permits, and Charges for Services</b>				
License and Permit Fees	1,000	1,000	2,320	1,320
Building Permit Fees	25,000	25,000	28,238	3,238
Dog License Fees	1,300	1,300	1,273	(27)
Land Records, Maps, Etc.	10,000	10,000	12,641	2,641
Conveyance Tax	17,000	17,000	36,478	19,478
Copies and Fax Machine	5,000	5,000	5,083	83
Permit Fees, Planning and Zoning, Inlands and Wetlands	3,500	3,500	10,611	7,111
Landfill Receipts	23,000	23,000	31,572	8,572
Newsletter	2,000	2,000	2,321	321
Marriage Licenses	150	150	192	42
Waste Management	52,000	52,000	79,124	27,124
Transportation Subsidy (SCRRRA)	2,000	2,000	-	(2,000)
Farmland Preservation	950	950	933	(17)
Sportsman Licenses	150	150	88	(62)
<b>Total Licenses, Permits, and Charges for Services</b>	<u>143,050</u>	<u>143,050</u>	<u>210,874</u>	<u>67,824</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Other Revenues</b>				
Principal Subsidy for Resv. Dam Project	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Interest Subsidy for Resv. Dam Project	20,234	20,234	20,234	-
Sundry Receipts	400	400	38	(362)
Miscellaneous	-	-	67,640	67,640
<b>Total Other Revenues</b>	<u>65,634</u>	<u>65,634</u>	<u>132,912</u>	<u>67,278</u>
<b>Investment Income</b>	<u>1,500</u>	<u>1,500</u>	<u>89,891</u>	<u>88,391</u>
<b>Total Revenues</b>	<u>9,898,384</u>	<u>9,898,384</u>	<u>10,331,153</u>	<u>432,769</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Board of Selectmen	83,550	83,553	83,553	-
Elections	22,110	22,110	17,357	4,753
Board of Finance	188	228	228	-
Auditing	25,850	25,850	18,100	7,750
Bookkeeper	30,253	30,253	29,968	285
Tax Assessor	24,635	24,635	24,240	395
Tax Collector	30,207	30,256	30,256	-
Town Treasurer	2,400	2,400	2,400	-
Town Counsel and Financial Advisor	48,000	48,000	14,992	33,008
Town Clerk	54,938	54,938	53,832	1,106
Telephone Services and Website	12,169	13,616	13,616	-
Pool Secretaries	60,560	60,560	53,976	6,584
Town Office Building	42,776	45,774	45,774	-
Planning and Zoning Commission	19,018	19,653	19,653	-
Land Use	500	500	283	217
Economic Development	900	900	225	675
Conservation Commission	1,100	1,100	66	1,034
Conservation/Wetlands Enforcement Officer	7,000	7,000	780	6,220
Highways	403,303	403,303	358,717	44,586
Tree Maintenance	15,000	15,000	14,658	342
Street Lighting	20,500	20,500	18,830	1,670
Social Security	56,880	56,880	49,362	7,518
Deferred Compensation	15,479	15,479	15,479	-
Regional Planning Agencies	40,093	40,161	40,161	-
Insurance	272,119	272,119	250,065	22,054
Police Department	192,876	192,876	166,058	26,818
Fire Department	120,290	120,290	116,911	3,379
Emergency Management	4,030	4,030	3,974	56
Fire Marshal	10,875	10,875	8,625	2,250
Building Official	22,660	22,660	20,744	1,916
Blight Enforcement Officer	4,000	4,000	3,818	182
Sanitation and Waste Removal	70,000	83,682	83,682	-
Waste Management	67,000	67,160	67,160	-
Commission on Aging	67,756	67,756	37,662	30,094
Capital Projects	24,700	24,700	18,802	5,898

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>General Government (Continued)</b>				
Parks and Playground	\$ 750	\$ 1,521	\$ 1,521	\$ -
Recreation Facilities	1,825	1,825	1,740	85
Recreation Events	3,650	3,650	58	3,592
Other Recreation Programs	1,250	1,250	-	1,250
Grist Mill	17,650	17,650	14,412	3,238
Historical Museum	2,384	2,384	156	2,228
Library	85,215	85,215	80,705	4,510
Miscellaneous	55,575	35,722	28,900	6,822
Water and Sewer Authority	7,700	7,700	7,471	229
Computer Service and Supplies	58,935	58,935	53,937	4,998
<b>Total General Government</b>	<u>2,108,649</u>	<u>2,108,649</u>	<u>1,872,907</u>	<u>235,742</u>
<b>Education</b>				
Board of Education	<u>6,895,693</u>	<u>6,895,693</u>	<u>6,769,044</u>	<u>126,649</u>
<b>Debt Service</b>				
Principal Payments	550,000	550,000	550,000	-
Interest and Fiscal Charges	264,475	264,475	264,475	-
<b>Total Debt Service</b>	<u>814,475</u>	<u>814,475</u>	<u>814,475</u>	<u>-</u>
<b>Total Expenditures</b>	<u>9,818,817</u>	<u>9,818,817</u>	<u>9,456,426</u>	<u>362,391</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	79,567	79,567	874,727	795,160
<b>Other Financing Sources and (Uses)</b>				
Appropriation from Fund Balance	-	158,025	-	(158,025)
Transfers In - Capital Nonrecurring Fund	52,929	52,929	52,929	-
Transfers Out - Capital Nonrecurring Fund	(77,000)	(235,025)	(235,025)	-
<b>Total Other Financing Sources and (Uses)</b>	<u>(24,071)</u>	<u>(24,071)</u>	<u>(182,096)</u>	<u>(158,025)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis</b>				
	<u>\$ 55,496</u>	<u>\$ 55,496</u>	692,631	<u>\$ 637,135</u>
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			614,868	
Expenditures from Teachers' Retirement and OPEB			(614,868)	
Some Education Grants are Reported Net on the Budget Basis				
Revenues from Education Grants			155,753	
Expenditures from Education Grants			(155,753)	
Certain Grants Net for Budget Basis				
Revenues from Grants			1,000	
Expenditures from Grants			(1,000)	
Water and Sewer Payments to Town for Debt Service				
Transfers in from Water and Sewer			65,234	
Payment of Water and Sewer Debt			(65,234)	
Change in Accrued Payroll - Town			(418)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis</b>			<u>692,213</u>	

See accountant's report.



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

**Schedule of Proportionate Share of Net Pension Liability**

	2023	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%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>7,689,885</u>	<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>
<b>Total</b>	<u>\$ 7,689,885</u>	<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>\$ 1,835,557</u>	<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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>54.06%</u>	<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.
Remaining amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 6.50% 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 Six Fiscal Years\*

**Schedule of Proportionate Share of Net OPEB Liability**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's percentage of the net OPEB liability	0.00%	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	<u>673,458</u>	<u>665,420</u>	<u>1,150,190</u>	<u>1,263,046</u>	<u>1,248,358</u>	<u>1,780,523</u>
Total	<u>\$ 673,458</u>	<u>\$ 665,420</u>	<u>\$ 1,150,190</u>	<u>\$ 1,263,046</u>	<u>\$ 1,248,358</u>	<u>\$ 1,780,523</u>
Town's covered payroll	<u>\$ 1,835,557</u>	<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>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>9.46%</u>	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</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 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 Six Fiscal Years\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service Cost	\$ 9,364	\$ 14,492	\$ 13,753	\$ 23,230	\$ 20,633	\$ 20,930
Interest	4,830	6,235	6,072	23,224	24,077	21,838
Differences Between Expected and Actual Experience	7,582	(130,099)	(333)	(410,287)	(21,666)	3,595
Changes of Assumptions	(1,142)	(26,347)	1,505	(4,063)	22,587	(17,926)
Benefit Payments	<u>(15,630)</u>	<u>(7,153)</u>	<u>(8,483)</u>	<u>(10,582)</u>	<u>(6,855)</u>	<u>(25,011)</u>
<b>Net Change in Total OPEB Liability</b>	5,004	(142,872)	12,514	(378,478)	38,776	3,426
<b>Total OPEB Liability - Beginning</b>	<u>134,843</u>	<u>277,715</u>	<u>265,201</u>	<u>643,679</u>	<u>604,903</u>	<u>601,477</u>
<b>Total OPEB Liability - Ending*</b>	<u>\$ 139,847</u>	<u>\$ 134,843</u>	<u>\$ 277,715</u>	<u>\$ 265,201</u>	<u>\$ 643,679</u>	<u>\$ 604,903</u>
<b>Covered Payroll</b>	\$ 1,668,704	\$ 1,629,594	\$ 1,795,785	\$ 1,750,278	\$ 1,977,969	\$ 1,927,845
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	8.38%	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, 2023
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, 2023

	<b>SPECIAL REVENUE FUNDS</b>				
	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund
<b>Assets</b>					
Cash and Cash Equivalents	\$ 13,339	\$ 49,488	\$ 16,573	\$ -	\$ 2,008
Receivables, Net	-	-	20,544	-	-
Inventories	-	-	4,582	-	-
Due from Other Funds	-	-	-	14,814	-
<b>Total Assets</b>	<b><u>\$ 13,339</u></b>	<b><u>\$ 49,488</u></b>	<b><u>\$ 41,699</u></b>	<b><u>\$ 14,814</u></b>	<b><u>\$ 2,008</u></b>
<b>Liabilities</b>					
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	-	1,542	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,542</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue: Grants	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	40,157	-	2,008
Committed	13,339	49,488	-	14,814	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>13,339</u></b>	<b><u>49,488</u></b>	<b><u>40,157</u></b>	<b><u>14,814</u></b>	<b><u>2,008</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 13,339</u></b>	<b><u>\$ 49,488</u></b>	<b><u>\$ 41,699</u></b>	<b><u>\$ 14,814</u></b>	<b><u>\$ 2,008</u></b>

See accountant's report.

**TOWN OF SPRAGUE, CONNECTICUT**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2023

	SPECIAL REVENUE FUNDS				PERMANENT FUND	Total
	Small Cities Fund	Education Grants Fund	Student Activity Fund	Senior Smile Fund	Lovett Cemetery Fund	
<b>Assets</b>						
Cash and Cash Equivalents	\$ 26,395	\$ -	\$ 18,187	\$ 2,381	\$ 1,210	\$ 129,581
Receivables, Net	320,441	101,901	-	-	-	442,886
Inventories	-	-	-	-	-	4,582
Due from Other Funds	-	-	-	-	-	14,814
<b>Total Assets</b>	<u>\$ 346,836</u>	<u>\$ 101,901</u>	<u>\$ 18,187</u>	<u>\$ 2,381</u>	<u>\$ 1,210</u>	<u>\$ 591,863</u>
<b>Liabilities</b>						
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	35,947	-	-	-	35,947
Due to Other Funds	-	60,925	-	-	-	62,467
<b>Total Liabilities</b>	<u>-</u>	<u>96,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,414</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue:						
Grants	-	3,549	-	-	-	3,549
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>3,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,549</u>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	1,250	1,250
Restricted	346,836	1,480	18,187	-	-	408,668
Committed	-	-	-	2,381	-	80,022
Unassigned	-	-	-	-	(40)	(40)
<b>Total Fund Balances</b>	<u>346,836</u>	<u>1,480</u>	<u>18,187</u>	<u>2,381</u>	<u>1,210</u>	<u>489,900</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 346,836</u>	<u>\$ 101,901</u>	<u>\$ 18,187</u>	<u>\$ 2,381</u>	<u>\$ 1,210</u>	<u>\$ 591,863</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, 2023

	<b>SPECIAL REVENUE FUNDS</b>				
	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund
<b>Revenues</b>					
Intergovernmental Revenues	\$ 306	\$ -	\$ 248,481	\$ -	\$ -
Charges for Services	-	-	8,388	-	-
Interest Income	1	-	-	-	1
Other Revenue	1,741	-	-	-	-
Total Revenues	<u>2,048</u>	<u>-</u>	<u>256,869</u>	<u>-</u>	<u>1</u>
<b>Expenditures</b>					
General Government	651	-	-	-	-
Education	-	-	273,885	-	144
Total Expenditures	<u>651</u>	<u>-</u>	<u>273,885</u>	<u>-</u>	<u>144</u>
Excess/(Deficiency) of Revenues Over Expenditures	1,397	-	(17,016)	-	(143)
<b>Other Financing Sources/(Uses)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,397	-	(17,016)	-	(143)
Fund Balances at Beginning of Year	<u>11,942</u>	<u>49,488</u>	<u>57,173</u>	<u>14,814</u>	<u>2,151</u>
Fund Balances at End of Year	<u>\$ 13,339</u>	<u>\$ 49,488</u>	<u>\$ 40,157</u>	<u>\$ 14,814</u>	<u>\$ 2,008</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, 2023

	SPECIAL REVENUE FUNDS				PERMANENT FUND	Total
	Small Cities Fund	Education Grants Fund	Student Activity Fund	Senior Smile Fund	Lovett Cemetery Fund	
<b>Revenues</b>						
Intergovernmental Revenues	\$ -	\$ 776,013	\$ -	\$ -	\$ -	\$ 1,024,800
Charges for Services	-	-	23,520	-	-	31,908
Interest Income	4	-	2	-	-	8
Other Revenue	-	-	-	2,436	-	4,177
<b>Total Revenues</b>	<u>4</u>	<u>776,013</u>	<u>23,522</u>	<u>2,436</u>	<u>-</u>	<u>1,060,893</u>
<b>Expenditures</b>						
General Government	2,175	-	-	887	-	3,713
Education	-	746,756	23,331	-	-	1,044,116
<b>Total Expenditures</b>	<u>2,175</u>	<u>746,756</u>	<u>23,331</u>	<u>887</u>	<u>-</u>	<u>1,047,829</u>
Excess/(Deficiency) of Revenues Over Expenditures	(2,171)	29,257	191	1,549	-	13,064
<b>Other Financing Sources/(Uses)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,171)	29,257	191	1,549	-	13,064
Fund Balances at Beginning of Year	349,007	(27,777)	17,996	832	1,210	476,836
Fund Balances at End of Year	<u>\$ 346,836</u>	<u>\$ 1,480</u>	<u>\$ 18,187</u>	<u>\$ 2,381</u>	<u>\$ 1,210</u>	<u>\$ 489,900</u>

See accountant's report.



**TOWN OF SPRAGUE, CONNECTICUT**

Schedule of Debt Limitation

June 30, 2023

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 6,088,630

Reimbursement for Revenue Loss on:

    Tax Relief for Elderly - Prior Fiscal Year

Base

-  
\$ 6,088,630

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
	(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	<u>\$ 13,699,418</u>	<u>\$ 27,398,835</u>	<u>\$ 22,832,363</u>	<u>\$ 19,788,048</u>	<u>\$ 18,265,890</u>
Indebtedness:					
Bonds Payable	5,285,543	428,457	556,000	-	-
CWF Loans Payable	<u>-</u>	<u>-</u>	<u>457,146</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>5,285,543</u>	<u>428,457</u>	<u>1,013,146</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 8,413,875</u>	<u>\$ 26,970,378</u>	<u>\$ 21,819,217</u>	<u>\$ 19,788,048</u>	<u>\$ 18,265,890</u>

\*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$42,620,410.

See accountant's report.

**TOWN OF SPRAGUE, CONNECTICUT**  
Schedule of Property Taxes Levied, Collected, and Outstanding  
For the Year Ended June 30, 2023

List of 10/1:	Outstanding July 1, 2022	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Collections During the Year				Outstanding June 30, 2023
			Additions	Deductions			Taxes	Interest	Liens	Total	
2021		\$ 6,410,124	\$ 14,187	\$ 33,493	\$ -	\$ 6,390,818	\$ 6,231,996	\$ 33,071	\$ 232	\$ 6,265,299	\$ 158,822
2020	\$ 136,581	-	465	1,928	-	135,118	77,335	16,358	600	94,293	57,783
2019	39,694	-	-	-	21,405	18,289	9,185	3,512	72	12,769	9,104
2018	12,923	-	-	-	-	12,923	4,595	2,749	72	7,416	8,328
2017	6,523	-	-	-	-	6,523	3,234	1,030	24	4,288	3,289
2016	1,893	-	-	-	-	1,893	(105)	-	-	(105)	1,998
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
	<b>\$ 201,322</b>	<b>\$ 6,410,124</b>	<b>\$ 14,652</b>	<b>\$ 35,421</b>	<b>\$ 21,405</b>	<b>\$ 6,569,272</b>	<b>6,326,240</b>	<b>56,720</b>	<b>1,000</b>	<b>6,383,960</b>	<b>\$ 243,032</b>
Net Grand List - October 1, 2021						Total Suspense Collections	5,770	5,181	-	10,951	
Tax Rate: 36.25 mills						Total Collections	<b>\$ 6,332,010</b>	<b>\$ 61,901</b>	<b>\$ 1,000</b>	<b>\$ 6,394,911</b>	

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>1000 - Regular Instruction</b>				
1000.51110. Wages Paid to Teachers	\$ 1,144,377	\$ 1,144,377	\$ 1,124,189	\$ 20,188
1000.51120. Wages Paid to Instructional Aides	14,401	14,401	8,143	6,258
1000.52100. Group Life Insurance- Regular	726	726	673	53
1000.52200. FICA/Medicare Employer	19,222	19,222	17,005	2,217
1000.52500. Tuition Reimbursement	10,000	10,000	2,150	7,850
1000.52800. Health Insurance - Regular	279,651	279,651	294,358	(14,707)
1000.53200. Substitutes - Regular Education	3,500	3,500	-	3,500
1000.53230. Purchased Pupil Services	1,250	1,250	-	1,250
1000.54420. Equipment Leasing	18,000	18,000	15,268	2,732
1000.56100. General Supplies - Regular Education	7,000	7,000	11,323	(4,323)
1000.56110. Instructional Supplies - Regular Education	5,000	5,000	6,909	(1,909)
1000.56400. Workbooks/Disposables	10,000	10,000	43	9,957
1000.56410. Textbooks	3,000	3,000	(801)	3,801
1000.56501. Ink and Toner	8,000	8,000	11,315	(3,315)
1000.58100. Dues & Fees	9,869	9,869	8,193	1,676
	<u>1,533,996</u>	<u>1,533,996</u>	<u>1,498,768</u>	<u>35,228</u>
<b>1200 - Special Education</b>				
1200.51110. Wages Paid to Teachers	351,322	246,162	193,259	52,903
1200.51120. Wages Paid to Instructional Aides	273,997	273,997	155,161	118,836
1200.51900. Wages Paid - Other Certified Staff	-	105,160	105,160	-
1200.51901. Wages Paid - Other Non Certified Staff	87,776	62,510	61,272	1,238
1200.52100. Group Life Insurance - SPED	981	981	684	297
1200.52200. FICA/Medicare Employer	33,064	33,064	21,224	11,840
1200.52300. Pension Contributions	3,552	3,552	2,540	1,012
1200.52800. Health Insurance	239,621	239,621	142,458	97,163
1200.53200. Substitutes - SPED	3,500	3,500	-	3,500
1200.53230. Purchased Pupil Services	29,000	29,000	23,667	5,333
1200.53300. Other Prof/Tech Services	2,500	2,500	2,789	(289)
1200.55800. Travel Reimbursement	1,200	1,200	625	575
1200.56100. General Supplies- Special Education	1,000	1,000	1,022	(22)
1200.56110. Instructional Supplies	1,000	1,000	445	555
1200.56400. Workbooks/Disposables	500	500	-	500
1200-57300. Equipment Non-Instructional	1,430	1,430	162	1,268
1200.58100. Dues & Fees	760	760	900	(140)
	<u>1,031,203</u>	<u>1,005,937</u>	<u>711,368</u>	<u>294,569</u>
<b>1300 - Adult Education - Cooperative</b>				
1300.55690. Tuition - Adult Cooperative	15,366	15,366	13,131	2,235
<b>1500 - Stipends - Extracurricular</b>				
1500.51930. Extra Curricular Stipends Paid	8,821	8,821	10,267	(1,446)
	<u>8,821</u>	<u>8,821</u>	<u>10,267</u>	<u>(1,446)</u>
<b>1600 - Summer School</b>				
1600.51110. Wages Paid to Teachers - Summer School	5,000	5,000	6,109	(1,109)
1600.51120. Wages Paid to Inst Aides - Summer School	2,250	2,250	1,631	619
1600.51901. Wages Paid - Other Non-Cert - Summer School	2,400	2,400	1,747	653
1600.52200. FICA/Medicare Employer - Summer School	309	309	347	(38)
	<u>9,959</u>	<u>9,959</u>	<u>9,834</u>	<u>125</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, 2023

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
<b>1700 - Tutoring</b>				
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	186	5,814
1700.000200.51110. Wages Paid to Teachers - Spec Ed	-	-	1,550	(1,550)
1700.000200.51120. Wages Paid to Instructional Aides - Spec Ed	8,000	8,000	-	8,000
1700.000200.52200. FICA/Medicare Employer - Spec Ed	-	-	22	(22)
	<u>18,700</u>	<u>18,700</u>	<u>1,758</u>	<u>16,942</u>
<b>1800 - Stipends - Sports Teams</b>				
1800.51930. Sports Teams Stipends Paid	16,283	16,283	13,966	2,317
1800.52200. FICA/Medicare Employer	1,245	1,245	442	803
1800.53540. Sports Officials	3,570	3,570	2,622	948
	<u>21,098</u>	<u>21,098</u>	<u>17,030</u>	<u>4,068</u>
<b>2110 - Social Work Services</b>				
2110.51900. Wages Paid - Social Worker	48,125	48,125	-	48,125
2110.52100. Group Life Insurance - Social Worker	38	38	-	38
2110.52200. FICA/Medicare Employer	700	700	-	700
2110.52800. Health Insurance - Social Worker	9,842	9,842	-	9,842
2110.56100. Supplies - Social Worker	200	200	118	82
2110.56110. Instructional Supplies	-	-	33	(33)
	<u>58,905</u>	<u>58,905</u>	<u>151</u>	<u>58,754</u>
<b>2130 - Health Office</b>				
2130.51901. Wages Paid - School Nurse	87,726	87,726	86,069	1,657
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	8,486	8,486	8,658	(172)
2130.52800. Health Insurance - Health Office	11,104	11,104	11,849	(745)
2130.53230. Purchased Pupil Services	720	720	498	222
2130.53300. Other Prof/Tech Services	600	600	630	(30)
2130.54300. Repairs & Maint Equipment	200	200	-	200
2130.55800. Conference/Travel - Health Office	700	700	-	700
2130.56100. Supplies	2,400	2,400	1,958	442
2130.56430. Professional Periodicals	100	100	-	100
2130.58100. Dues & Fees	600	600	223	377
	<u>118,712</u>	<u>118,712</u>	<u>111,961</u>	<u>6,751</u>
<b>2140 - Psychological Services</b>				
2140.51900. Wages Paid - School Psychologist	53,052	53,052	53,052	-
2140.52100. Group Life Insurance - Psychologist	38	38	24	14
2140.52200. FICA/Medicare Employer	770	770	677	93
2140.52800. Health Insurance	20,714	20,714	22,435	(1,721)
2140.53230. Purchased Pupil Services	2,000	2,000	-	2,000
2140.56100. Assessment Supplies	2,000	2,000	1,502	498
2140.56110. Instructional Supplies	200	200	-	200
	<u>78,774</u>	<u>78,774</u>	<u>77,690</u>	<u>1,084</u>
<b>2150 - Speech &amp; Audiology Services</b>				
2150.53230. Purchased Pupil Services	71,622	71,622	56,256	15,366
2150.56100. Supplies	775	775	597	178
	<u>72,397</u>	<u>72,397</u>	<u>56,853</u>	<u>15,544</u>
<b>2160 - PT/OT Services</b>				
2160.53230. Purchased Pupil Services	-	-	210	(210)

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>2210 - Improvement of Instruction</b>				
2210.53220. In Service	\$ 4,000	\$ 4,000	\$ 875	\$ 3,125
2210.55800. Conference/Travel - Professional Development	6,000	6,000	353	5,647
2210.56100. Supplies	2,000	2,000	-	2,000
	<u>12,000</u>	<u>12,000</u>	<u>1,228</u>	<u>10,772</u>
<b>2220 - Library/Media Services</b>				
2220.56420. Library Books	-	-	4,978	(4,978)
<b>2230 - Technology</b>				
2230.51901. Wages Paid - Technology Staff	6,481	6,481	6,684	(203)
2230.52100. Group Life Insurance - Technology	4	4	4	-
2230.52200. FICA/Medicare Employer	496	496	499	(3)
2230.52300. Pension Contributions - Technology	260	260	259	1
2230.52800. Health Insurance - Technology	1,111	1,111	1,284	(173)
2230.53520. Other Technical Services	76,014	76,014	80,275	(4,261)
2230.56100. Supplies	500	500	550	(50)
2230.56500. Technology Supplies	2,000	2,000	20	1,980
2230.57340. Technology Hardware - Instructional	2,000	2,000	26,873	(24,873)
2230.57341. Technology Hardware - Non-Instructional	3,000	3,000	805	2,195
2230.57350. Software - Instructional	28,856	28,856	22,039	6,817
2230.57351. Software - Non-Instructional	33,145	33,145	22,432	10,713
	<u>153,867</u>	<u>153,867</u>	<u>161,724</u>	<u>(7,857)</u>
<b>2310 - Board of Education</b>				
2310.51901. Wages Paid - Non-Certified Staff	12,635	25,268	25,377	(109)
2310.52100. Group Life Insurance - BOE Office	8	8	14	(6)
2310.52200. FICA/Medicare Employer - BOE Office	967	967	1,836	(869)
2310.52300. Pension Contributions - BOE Office	506	506	1,011	(505)
2310.52600. Unemployment Compensation - BOE Office	3,000	3,000	-	3,000
2310.52700. Workers' Compensation - BOE Office	21,927	21,927	19,016	2,911
2310.52800. Health Insurance - BOE Office	4,674	4,674	9,714	(5,040)
2310.53020. Legal Services - BOE Office	15,000	15,000	15,000	-
2310.55200. Property/Liability Insurance - BOE Office	19,620	19,620	20,895	(1,275)
2310.55400. Advertising - BOE Office	2,000	2,000	7,947	(5,947)
2310.55800. Conference/Travel - BOE Office	300	300	-	300
2310.56100. Supplies - BOE Office	1,400	1,400	1,651	(251)
2310.58100. Dues & Fees - BOE Office	2,572	2,572	11,654	(9,082)
2310.58990. Other Expenses - BOE Office	1,000	1,000	849	151
2310.58900. Graduation Costs - BOE Office	1,000	1,000	-	1,000
	<u>86,609</u>	<u>99,242</u>	<u>114,964</u>	<u>(15,722)</u>
<b>2320 - Superintendents Office</b>				
2320.51900. Wages Paid - Superintendent	77,950	77,950	75,000	2,950
2320.51901. Wages Paid - Non-Certified Staff	12,635	25,268	25,377	(109)
2320.52100. Group Life Insurance - Superintendent Office	134	134	14	120
2320.52200. FICA/Medicare Employer	2,126	2,126	2,923	(797)
2320.52300. Pension Contributions - Superintendent's Office	506	506	1,011	(505)
2320.52800. Health Insurance - Superintendent's Office	4,674	4,674	9,714	(5,040)
2320.55800. Conference/Travel - Superintendent's Office	1,000	1,000	-	1,000
2320.56100. Supplies - Superintendent's Office	300	300	337	(37)
2320.58100. Dues & Fees - Superintendent's Office	3,541	3,541	3,490	51
	<u>102,866</u>	<u>115,499</u>	<u>117,866</u>	<u>(2,367)</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>2400 - School Administration Office</b>				
2400.51900. Wages Paid - Principal	\$ 128,427	\$ 128,427	\$ 128,429	\$ (2)
2400.51901. Wages Paid - Non-Certified Staff	77,361	77,361	81,538	(4,177)
2400.52100. Group Life Insurance - School Administration Office	194	194	192	2
2400.52200. FICA/Medicare Employer	7,781	7,781	7,986	(205)
2400.52300. Pension Contributions - School Admin Office	3,095	3,095	-	3,095
2400.52800. Health Insurance - School Administration Office	25,566	25,566	27,729	(2,163)
2400.53300. Other Professional Services	2,000	2,000	-	2,000
2400.55301. Postage	3,500	3,500	1,898	1,602
2400.55800. Conference/Travel - School Administration Office	750	750	-	750
2400.56100. Supplies	2,500	2,500	2,650	(150)
2400.58100. Dues & Fees	952	952	956	(4)
	<u>252,126</u>	<u>252,126</u>	<u>251,378</u>	<u>748</u>
<b>2510 - Business Office</b>				
2510.51901. Wages Paid - Non Certified Staff	104,919	104,919	106,748	(1,829)
2510.52100. Group Life Insurance - Business Office	72	72	72	-
2510.52200. FICA/Medicare Employer	8,027	8,027	8,055	(28)
2510.52300. Pension Contributions - Business Office	4,834	4,834	4,833	1
2510.52800. Health Insurance - Business Office	9,994	9,994	10,565	(571)
2510.53300. Other Professional Services - Business Office	15,000	15,000	13,416	1,584
2510.53410. Audit/Accounting Services - Business Office	25,850	25,850	19,442	6,408
2510.55800. Conference/Travel - Business Office	300	300	-	300
2510.56100. Supplies - Business Office	1,000	1,000	1,698	(698)
2510.58100 Dues & Fees- Business Office	-	-	350	(350)
	<u>169,996</u>	<u>169,996</u>	<u>165,179</u>	<u>4,817</u>
<b>2600 - Buildings &amp; Grounds</b>				
2600.51901. Wages Paid - Custodial Staff	114,615	114,615	110,008	4,607
2600.52100. Group Life Insurance- Maintenance Department	189	189	107	82
2600.52200. FICA/Medicare Employer	8,768	8,768	7,736	1,032
2600.52300. Pension Contributions - Maintenance Office	4,585	4,585	2,823	1,762
2600.52800. Health Insurance - Maintenance	39,949	39,949	62,213	(22,264)
2600.54010. Purchased Property Services	30,081	30,081	54,423	(24,342)
2600.54101. Rubbish Removal	8,700	8,700	9,112	(412)
2600.54300. Equipment Repairs & Maint	5,000	5,000	1,846	3,154
2600.54301. Building Repairs & Maint	5,000	5,000	19,824	(14,824)
2600.54411. Water	3,000	3,000	2,536	464
2600.54412. Sewer	2,000	2,000	1,759	241
2600.55300. Communications - Telephone & Internet	12,000	12,000	13,419	(1,419)
2600.55800. Conference/Travel - Building Maintenance	100	100	-	100
2600.56100. General Supplies - Maintenance Department	16,000	16,000	24,349	(8,349)
2600.56220. Electricity	60,000	60,000	54,930	5,070
2600.56230. Liquid Propane	12,000	12,000	10,926	1,074
2600.56240. Heating Oil	23,400	23,400	41,709	(18,309)
2600.56260. Gasoline	600	600	383	217
2600.57300. Equipment - Non Instructional	1,000	1,000	-	1,000
2600.57330. Furniture & Fixtures	-	-	4,010	(4,010)
	<u>346,987</u>	<u>346,987</u>	<u>422,113</u>	<u>(75,126)</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, 2023

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
<b>2700 - Student Transportation</b>				
2700.55100. Contracted Pupil Transp Reg	\$ 372,605	\$ 372,605	\$ 354,544	\$ 18,061
2700.55108. Contracted Pupil Transp Spec Ed HS	58,500	58,500	159,720	(101,220)
2700.55109. Contracted Pupil Transp Spec Ed Elem	49,317	49,317	89,850	(40,533)
2700.55150. Contracted Pupil Transp Athletics/Ext Curr	8,775	8,775	7,264	1,511
2700.55151. Contracted Pupil Transp Field Trips	2,500	2,500	2,714	(214)
2700.56260. Gasoline	35,000	35,000	49,072	(14,072)
	<u>526,697</u>	<u>526,697</u>	<u>663,164</u>	<u>(136,467)</u>
<b>6000 - HS Tuition</b>				
6000.000100.55610. Tuition- HS Regular Ed - Public Schools	1,053,516	1,053,516	1,080,505	(26,989)
6000.000200.55610. Tuition- HS Special Ed - Public Schools	659,932	659,932	606,666	53,266
6000.000200.55630. Tuition- HS Special Ed - Private Schools	238,105	238,105	238,855	(750)
	<u>1,951,553</u>	<u>1,951,553</u>	<u>1,926,026</u>	<u>25,527</u>
<b>6100 - Elementary Tuition</b>				
6100.000100.55660. Tuition - Elem Magnet Schools	52,552	52,552	44,026	8,526
6100.000200.55631. Tuition - Elem Special Ed - Private Schools	159,169	159,169	251,074	(91,905)
6100.000200.55660. Tuition - Elem Special Ed Magnet Schools	113,340	113,340	136,303	(22,963)
	<u>325,061</u>	<u>325,061</u>	<u>431,403</u>	<u>(106,342)</u>
<b>Total Expenditures</b>	<b>\$ 6,895,693</b>	<b>\$ 6,895,693</b>	<b>\$ 6,769,044</b>	<b>\$ 126,649</b>

See accountant's report.

**Other  
Supplemental  
Schedules**



**TOWN OF SPRAGUE, CONNECTICUT**

Comparative Assessed Valuations

For the Year Ended June 30, 2023

<b>Grand List of 10/1</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions</b>	<b>Net Taxable Grand List</b>
2021	73.3%	14.7%	12.1%	\$ 197,232,605	\$ 22,878,794	\$ 174,353,811
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

\*Revaluation year

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

**TOWN OF SPRAGUE, CONNECTICUT**

Top 10 Taxpayers

Based on 10/1/21 Net Taxable Grand Lists

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<b>Name</b>	<b>Nature of Business</b>	<b>Valuation</b>	<b>Percent of Net Taxable Grand List</b>
AMGRAPH Packaging, Inc.	Printing and Packaging	\$ 16,024,208	9.65%
Fusion Solar Center LLC	Utility	8,871,340	5.34%
Eversource	Utility	3,831,450	2.31%
Mohegan Golf LLC	Golf Course	2,184,430	1.31%
Willimantic Waste Paper	Recycling Center	1,928,410	1.16%
Sprague Paperboard INC	Boxboard & Printing	1,696,170	1.02%
Yankee Gas Services Company	Utility	1,177,120	0.71%
Laliberte, Keith	Real Estate - Rentals	888,020	0.53%
Spielman, Arthur III	Farming	651,280	0.39%
AVL Investments LLC	Real Estate - Apartments	575,090	0.35%
		<u>\$ 37,827,518</u>	<u>22.77%</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, 2023

<b>Grand List October 1,</b>	<b>Fiscal Year Ending June 30,</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Tax Levy</b>	<b>Percent Collected in Year Due</b>	<b>Percent Uncollected in Year Due</b>	<b>Percent Uncollected at June 30, 2023</b>
2021	2023	\$174,353,811	36.25	\$ 6,390,819	97.5%	2.5%	2.5%
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%

\*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, 2023

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<b>Fiscal Year Ending 6/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
<b>Total</b>	<b><u>\$ 6,270,000</u></b>	<b><u>\$ 2,206,271</u></b>	<b><u>\$ 8,476,271</u></b>

(Unaudited)  
See accountant's report.

**TOWN OF SPRAGUE, CONNECTICUT**

Debt Statement  
As of June 30, 2023

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**Direct Debt**

*Long-term Debt*

General Purpose	\$ 5,285,543
Schools	428,457
Sewer	<u>1,013,146</u>
Total Long-term Debt	<u>6,727,146</u>

Total Direct Debt 6,727,146

**Less:**

Self Supporting Debt	
Sewer	<u>952,146</u>

Total Net Direct Debt 5,775,000

**Overlapping Debt**

-

Total Overall Net Debt \$ 5,775,000

(Unaudited)  
See accountant's report.

**TOWN OF SPRAGUE, CONNECTICUT**

Current Debt Ratios

June 30, 2023

<b>Population</b>	<b>2,950</b>
<b>Net Taxable 2021 Grand List</b>	<b>\$ 166,123,676</b>
<b>Estimated Full Value 2021 Grand List</b>	<b>\$ 237,319,537</b>
<b>Equalized Net 2021 Grand List</b>	<b>\$ 381,534,075</b>

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Total Net Overall Debt</u>
Total Debt	\$ 6,727,146	\$ 5,775,000	\$ 5,775,000
Per Capita	2,280	1,958	1,958
Total Debt to Net Taxable 2021 Grand List	4.05%	3.48%	3.48%
Total Debt to Estimated Full Value 2021 Grand List	2.83%	2.43%	2.43%
Total Debt to Equalized Net 2021 Grand List	1.76%	1.51%	1.51%

(Unaudited)  
See accountant's report.

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# **TOWN OF SPRAGUE, CONNECTICUT**

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Federal Single Audit

For the Year Ended June 30, 2023

**TOWN OF SPRAGUE, CONNECTICUT**

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For the Year Ended June 30, 2023

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

To the Board of Finance  
Town of Sprague, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated January 30, 2024.

**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  
January 30, 2024



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**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, 2023. 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, 2023.

***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 judgment 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated January 30, 2024, 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  
January 30, 2024

**TOWN OF SPRAGUE, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL AL NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
<b>United States Department of Agriculture</b>				
<i>Passed Through the State of Connecticut Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-SDE64370-20508	\$ -	\$ 50,136
National School Lunch Program	10.555	12060-SDE64370-20560	-	141,304
National School Lunch Program - School Equipment	10.579	12060-SDE64370-22386	-	20,544
National School Lunch Program - USDA Commodities	10.555	N/A	-	11,793
			<u>-</u>	<u>223,777</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	12060-SDE64370-29802	-	628
State Administrative Expense for School Nutrition	10.560	12060-SDE64370-23126	-	16,652
<b>Total United States Department of Agriculture</b>			<u>-</u>	<u>241,057</u>
<b>United States Department of Education</b>				
<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	-	80,469
Special Education Cluster (IDEA):				
Special Education - Preschool Grants	84.173	12060-SDE64370-20983	-	7,019
COVID-19 - ARP IDEA 619	84.173X	12060-SDE64370-29684	-	1,727
COVID-19 - Special Education Stipend	84.027	12060-SDE64370-20977	-	12,709
COVID-19 - ARP IDEA 611	84.027X	12060-SDE64370-23083	-	17,681
Special Education - Grants to States	84.027	12060-SDE64370-20977	-	124,519
			<u>-</u>	<u>163,655</u>
Title II - Improving Teacher Quality Grants	84.367	12060-SDE64370-20858	-	14,856
Title IV - Student Support and Academic Enrichment	84.424	12060-SDE64370-22854	-	16,281
Educating Homeless Children and Youth	84.196A	12060-SDE64370-20770	-	5,665
Education Stabilization Fund Cluster:				
COVID-19 - Elementary & Secondary School Emergency Relief Fund (ESSER)	84.425D	12060-SDE64370-29571	-	165,954
COVID-19 - ARP - Elementary & Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	12060-SDE64370-29636	-	137,325
COVID-19 - ARP - ESSER Homeless Children and Youth	84.425W	12060-SDE64370-29650	-	3,938
			<u>-</u>	<u>307,217</u>
<i>Passed Through EASTCONN:</i>				
Title III - English Language Acquisition	84.365	N/A	-	1,539
<i>Direct:</i>				
Rural Education Achievement Program	84.358	N/A	-	9,683
<b>Total United States Department of Education</b>			<u>-</u>	<u>599,365</u>

See notes to schedule.

**TOWN OF SPRAGUE, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER TITLE	FEDERAL AL NUMBER	PASS-THROUGH ENTITY'S IDENTIFYING NUMBER	AMOUNTS PROVIDED TO SUBRECIPIENTS	TOTAL EXPENDED
<b>United States Department of the Treasury</b>				
<i>Passed Through the State of Connecticut Office of Early Childhood:</i>				
COVID - 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	12060-OEC64845-28227	\$ -	\$ 9,815
<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>72,943</u>
<b>Total United States Department of the Treasury</b>			<u>-</u>	<u>82,758</u>
<b>United States Environmental Protection Agency</b>				
<i>Passed Through the National Fish and Wildlife Foundation:</i>				
Planning for Fish Passage on Beaver Brook (CT)	66.437	1401.19.065848	-	<u>4,980</u>
<b>Total United States Environmental Protection Agency</b>			<u>-</u>	<u>4,980</u>
<b>United States Election Assistance Commission</b>				
<i>Passed Through the State of Connecticut Secretary of State:</i>				
Help America Vote Act	90.401	12060-SOS12500-21465	-	<u>1,000</u>
<b>Total United States Election Assistance Commission</b>			<u>-</u>	<u>1,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 929,160</u>

See notes to schedule.

**TOWN OF SPRAGUE, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

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**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, 2023. 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 \$11,793 are included in the Department of Agriculture's National School Lunch Program, AL #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, 2023**

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**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, 2023, and issued our unmodified report thereon dated January 30, 2024.

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, 10.579 Child Nutrition Cluster  
84.425D, 84.425U, 84.425W 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, 2023**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated January 30, 2024, 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.

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# **TOWN OF SPRAGUE, CONNECTICUT**

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State Single Audit

For the Year Ended June 30, 2023

**TOWN OF SPRAGUE, CONNECTICUT**

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For the Year Ended June 30, 2023

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

To the Board of Finance  
Town of Sprague, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sprague, Connecticut (the “Town”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated January 30, 2024.

**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 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  
January 30, 2024



**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, 2023. 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, 2023.

***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 judgment 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.

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



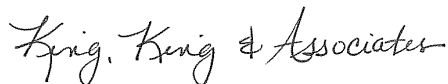
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated January 30, 2024, 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  
January 30, 2024

**TOWN OF SPRAGUE, CONNECTICUT**  
Schedule of Expenditures of State Financial Assistance  
For the Year Ended June 30, 2023

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
<b>Department of Education</b>		
Child Nutrition State Matching Grant	11000-SDE64370-16211	\$ 1,641
Healthy Foods Initiative	11000-SDE64370-16212	3,121
Adult Education	11000-SDE64370-17030	18,919
School Breakfast Program	11000-SDE64370-17046	2,662
Health and Welfare - Private School Pupil	11000-SDE64370-17034	26,725
Non Sheff Transportation	11000-SDE64370-12632	2,600
Talent Development	11000-SDE64370-12552	621
<b>Office of Early Childhood</b>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64845-16274-83013	133,650
Child Care Quality Enhancement	11000-OEC64845-16158	3,881
<b>Connecticut State Library</b>		
Connecticard Payments	11000-CSL66051-17010	306
<b>Department of Justice</b>		
Judicial Fines and Fees	34001-JUD95162-40001	1,595
<b>Department of Emergency Services and Public Protection</b>		
Volunteer Firefighter Training	11000-DPS32251-17110	1,150
<b>Department of Administrative Services</b>		
FAD - Temporary Holding Account	34003-DAS23920-42350	511
<b>Office of Policy and Management</b>		
Tiered Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17111	11,319
MRSA Tiered Payment in Lieu of Taxes (PILOT)	12060-OPM20600-35691	3,059
Municipal Revenue Sharing	12060-OPM20600-35458	57,114
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	697
Distressed Municipalities	11000-OPM20600-17016	6,554
Distressed Municipalities	12052-OPM20600-43750	23,212
Municipal Purposes and Projects	12052-OPM20600-43587	386,528
Property Tax Relief for Veterans	11000-OPM20600-17024	1,160
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	1,320
Town Aid Road - STO	13033-DOT57131-43459	1,320
Bus Operations	12001-DOT57931-12175	2,848
<b>Total State Financial Assistance Before Exempt Programs</b>		<b>\$ 692,513</b>
<b>EXEMPT PROGRAMS</b>		
<b>Office of Policy and Management</b>		
Municipal Transition Grant	11000-OPM20600-17103	81,967
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	17,479
<b>Department of Education</b>		
Educational Cost Sharing	11000-SDE64370-17041-82010	2,685,918
Excess Costs Student Based and Equity	11000-SDE64370-17047	106,377
<b>Total Exempt Programs</b>		<b>2,891,741</b>
<b>Total State Financial Assistance</b>		<b>\$ 3,584,254</b>

See notes to schedule.

**TOWN OF SPRAGUE, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023

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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, 2023. 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, 2023:

**Department of Energy and Environmental Protection: Clean Water Funds**

<b>Project</b>	<b>Issue Date</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Balance Beginning</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance Ending</b>
564-CSL	7/31/2014	2.00%	\$ 775,645	\$ 494,248	\$ -	\$ 37,102	\$ 457,146

**TOWN OF SPRAGUE, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**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, 2023, and issued our unmodified report thereon dated January 30, 2024.

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:

<b>State Grantor and Program</b>	<b>State Core - CT Number</b>	<b>Expenditures</b>
<b>Department of Education</b>		
Health and Welfare - Private School Pupil	11000-SDE-64370-17034	\$ 26,725
<b>Office of Policy and Management</b>		
Municipal Purposes and Projects	12052-OPM20600-43587	\$ 386,528
Tiered Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17111	\$ 11,319
MRSA Tiered Payment in Lieu of Taxes (PILOT)	12060-OPM20600-35691	\$ 3,059
Municipal Revenue Sharing	12060-OPM20600-35458	\$ 57,114

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

**TOWN OF SPRAGUE, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated January 30, 2024, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no matters were reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

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

**TOWN OF SPRAGUE, CONNECTICUT**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

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**Prior Year Significant Deficiency in Internal Control Over Compliance and Other Matters**

**Finding 2022-001 – Significant Deficiency in Internal Control Over Compliance and Other Matters**

This finding has been corrected.