

**TOWN OF SPRAGUE,  
CONNECTICUT**

**BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2017**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT,**

**REQUIRED SUPPLEMENTARY  
INFORMATION,**

**OTHER SUPPLEMENTARY INFORMATION,**

**FEDERAL SINGLE AUDIT REPORTS,**

**AND**

**STATE SINGLE AUDIT REPORTS**

**TOWN OF SPRAGUE, CONNECTICUT**  
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# **INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Finance of  
Town of Sprague, Connecticut

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying 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, 2017, and the related notes to the financial statements, which collectively comprise Town's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## OPINIONS

In our opinion, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10, the budgetary comparison information on page 38, and the other post-employment benefit and pension schedules on pages 39 - 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town's basic financial statements. The combining nonmajor governmental fund, nonmajor special revenue fund, and agency fund financial statements and supplemental schedules, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance, as required by Office Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Act, respectively, are not a required part of the basic financial statements.

The combining nonmajor governmental fund, nonmajor special revenue fund, and agency fund financial statements, supplemental schedules, the schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance, as required by the State of Connecticut Single Audit Act, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund, nonmajor special revenue fund, and agency fund financial statements, supplemental schedules, the schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance, as required by the State of Connecticut Single Audit Act, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2018, on our consideration of Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

*Hoyt, Filippetti & Malachuk, LLC*

Groton, Connecticut

February 12, 2018



# **FEDERAL SINGLE AUDIT REPORTS**

# **TOWN OF SPRAGUE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

Our discussion and analysis of Town of Sprague, Connecticut's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements, which begin with the Government Wide Statement of Net Position.

## **FINANCIAL HIGHLIGHTS**

The following are the Town's significant financial highlights for the year ended June 30, 2017:

- Total net position *decreased* \$64,473. This includes a governmental activities *decrease* of \$30,643 and a business-type activities *decrease* of \$33,830.
- Total fund balance *decreased* by \$203,664. This includes a \$40,718 *decrease* in the General Fund, a \$174,858 *decrease* in the Capital Nonrecurring Fund and a \$11,912 *increase* in Nonmajor Governmental Funds.
- General Fund unassigned fund balance is approximately 1.0% of the fiscal-year 2017 budgeted expenditures.
- The Town had a fiscal-year 2017 final expenditure budget totaling \$9,028,266. Total revenues came in \$134,324 *ahead* of budget. Total expenditures came in at budget. The Town ended up using \$40,718 of fund balance.
- The majority of the reason why revenues came in *ahead* of budget is from \$150,000 of building fees collected in conjunction with the establishment of a new solar farm in the Town.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with the Governmental Funds Balance Sheet. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

# **TOWN OF SPRAGUE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

## **Reporting the Town as a Whole**

Our analysis of the Town as a whole begins with the Statement of Net Position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town. In the Statement of Net Position and the Statement of Activities, the Town shows the following activity:

- Governmental activities—The Town's basic services are reported here, including the education, public works and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.
- Business-type activities—The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Pollution Control Authority (Water and Sewer Fund)'s operations are reported here.

## **Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides.

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Reporting the Town's Most Significant Funds (*Continued*)**

*Governmental funds (Continued)* - Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

- *Proprietary funds*—When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**The Town as Trustee**

The Town is the trustee, or *fiduciary*, for the activity funds and the Parent Teacher Organization funds at the school. These funds do not belong to the Town. The Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**The Town as a Whole – Governmental Activities – Statement of Net Position**

The net position of the Town's Governmental Activities *decreased* by \$30,643 from a year ago—*decreasing* from \$18,297,647 to \$18,267,004.

	Governmental Activities		Increase
	2017	2016	(Decrease)
Current and other assets	\$ 1,088,389	\$ 1,829,812	\$ (741,423)
Capital assets, net	27,338,038	26,388,951	949,087
Total assets	<u>\$ 28,426,427</u>	<u>\$ 28,218,763</u>	<u>\$ 207,664</u>
Other liabilities	\$ 515,942	\$ 409,153	\$ 106,789
Long-term debt outstanding	9,643,481	9,511,963	131,518
Total liabilities	<u>10,159,423</u>	<u>9,921,116</u>	<u>238,307</u>
Net position			
Net investment in capital assets	18,224,455	17,375,163	849,292
Restricted	240,615	246,447	(5,832)
Unrestricted	(198,066)	676,037	(874,103)
Total net position	<u>18,267,004</u>	<u>18,297,647</u>	<u>(30,643)</u>
Total liabilities and net position	<u>\$ 28,426,427</u>	<u>\$ 28,218,763</u>	<u>\$ 207,664</u>

Current and other assets in Governmental Activities *decreased* \$741,423 from the prior year, primarily from the write down of delinquent taxes and related interest receivable to the expected amount realizable after year-end through foreclosure and tax sales of property from one taxpayer. Governmental Activities capital assets, net *increased* 949,087 from the prior year as a result of significant equipment additions and road improvements. Long-term debt outstanding in Governmental Activities *increased* \$131,518 from the prior year from both an *increase* in the net other post-employment liability and the net *increase* in bonds outstanding used to finance various projects.

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**The Town as a Whole – Business-Type Activities – Statement of Net Position**

The net position of the Town's Business-Type Activities *decreased* by \$33,830 from a year ago—*decreasing* from \$4,130,292 to \$4,096,462.

	Business-Type Activities		Increase (Decrease)
	2017	2016	
Current and other assets	\$ 397,567	\$ 308,067	\$ 89,500
Capital assets, net	3,740,099	3,842,599	(102,500)
Total assets	<u>\$ 4,137,666</u>	<u>\$ 4,150,666</u>	<u>\$ (13,000)</u>
Other liabilities	\$ 31,849	\$ 11,632	\$ 20,217
Long-term debt outstanding	9,355	8,742	613
Total liabilities	<u>41,204</u>	<u>20,374</u>	<u>20,830</u>
Net position			
Net investment in capital assets	3,740,099	3,842,599	(102,500)
Restricted	-	-	-
Unrestricted	356,363	287,693	68,670
Total net position	<u>4,096,462</u>	<u>4,130,292</u>	<u>(33,830)</u>
Total liabilities and net position	<u>\$ 4,137,666</u>	<u>\$ 4,150,666</u>	<u>\$ (13,000)</u>

Business-Type Activities current assets *increased* \$89,500 and other liabilities *increased* \$20,217 from the prior year. This was mainly due to *increases* in cash and cash equivalents as well as accounts payable, respectively at year-end. The *decrease* in Business-Type Activities capital assets, net was due to annual depreciation expense exceeding capital additions.

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**The Town as a Whole – Combined Statement of Net Position**

The Town's *combined* net position *decreased* by \$64,473 from a year ago—*decreasing* from \$22,427,939 to \$22,363,466 as presented below:

	Total Town		Increase (Decrease)
	2017	2016	
Current and other assets	\$ 1,485,956	\$ 2,137,879	\$(651,923)
Capital assets, net	31,078,137	30,231,550	846,587
Total assets	\$ 32,564,093	\$ 32,369,429	\$ 194,664
Other liabilities	\$ 547,791	\$ 420,785	\$ 127,006
Long-term debt outstanding	9,652,836	9,520,705	132,131
Total liabilities	10,200,627	9,941,490	259,137
Net position			
Net investment in capital assets	21,964,554	21,217,762	746,792
Restricted	240,615	246,447	(5,832)
Unrestricted	158,297	963,730	(805,433)
Total net position	22,363,466	22,427,939	(64,473)
Total liabilities and net position	\$ 32,564,093	\$ 32,369,429	\$ 194,664

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**The Town as a Whole - Governmental Activities – Statement of Activities**

	Governmental Activities		Increase
	2017	2016	(Decrease)
Revenues			
Program revenues			
Charges for services	\$ 430,986	\$ 402,939	\$ 28,047
Operating grants and contributions	4,657,959	4,307,087	350,872
Capital grants and contributions	1,417,373	697,118	720,255
General revenues			
Property taxes, payments in lieu of taxes, interest and liens	4,616,142	5,465,188	(849,046)
Unrestricted interest and investment earnings	918	1,038	(120)
Total revenues	<u>11,123,378</u>	<u>10,873,370</u>	<u>250,008</u>
Program expenses			
General government	1,936,156	1,686,301	249,855
Public safety	456,512	417,834	38,678
Public works	593,120	584,104	9,016
Education	7,927,913	7,534,397	393,516
Interest on long-term debt	336,452	314,105	22,347
Total expenses	<u>11,250,153</u>	<u>10,536,741</u>	<u>713,412</u>
Excess (deficiency) before transfers	(126,775)	336,629	(463,404)
Transfers in(transfers out)	<u>96,132</u>	<u>124,293</u>	<u>(28,161)</u>
Change in net position	(30,643)	460,922	(491,565)
Net position - beginning of year	18,297,647	17,836,725	460,922
Net position - end of year	<u>\$ 18,267,004</u>	<u>\$ 18,297,647</u>	<u>\$ (30,643)</u>

Grant revenues, both operating and capital, *increased* from the prior year as the Town received additional funding for education, small cities, general government, and equipment acquisition. This *increase* consequently *increased* the related program expense categories. In addition, on behalf revenues from the State of Connecticut related to the Teachers' Retirement System also *increased* by \$351,976, which is reflected in the *increase* in both education grants and education expenses.

As mentioned previously, property tax revenues *decreased* significantly (\$849,046) from the prior year, primarily due to the write down of delinquent taxes and interest receivables to their expected realizable value through foreclosure and tax sales occurring after year-end.



**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**The Town as a Whole – Business-Type Activities – Statement of Activities**

	<u>Business-Type Activities</u>		<u>Increase</u>
	<u>2017</u>	<u>2016</u>	<u>(Decrease)</u>
Revenues			
Program revenues			
Charges for services	\$ 572,216	\$ 530,480	\$ 41,736
General revenues			
Unrestricted interest and investment earnings	176	126	50
Total revenues	<u>572,392</u>	<u>530,606</u>	<u>41,786</u>
Program expenses			
Water and Sewer Enterprise Fund	510,090	584,573	(74,483)
Total expenses	<u>510,090</u>	<u>584,573</u>	<u>(74,483)</u>
Excess (deficiency) before transfers	62,302	(53,967)	116,269
Transfers in (transfers out)	<u>(96,132)</u>	<u>(124,293)</u>	<u>28,161</u>
Change in net position	(33,830)	(178,260)	144,430
Net position - beginning of year	4,130,292	4,308,552	(178,260)
Net position - end of year	<u>\$ 4,096,462</u>	<u>\$ 4,130,292</u>	<u>\$ (33,830)</u>

Charges for services in the Business-Type Activities *increased* slightly as there was a 2% *increase* in the metered water charge during the year ended June 30, 2017. Expenses for the Business-Type Activities *decreased* from the prior year primarily because additional repairs were required in the previous fiscal year and not in the year ended June 30, 2017.

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**The Town as a Whole – Combined Statement of Activities**

As mentioned earlier, the Town overall incurred a *decrease* in Net Position of \$64,473 which was a *decrease* from the 2015-2016 fiscal year change of \$282,662.

	Total Town		Increase (Decrease)
	2017	2016	
Revenues			
Program revenues			
Charges for services	\$ 1,003,202	\$ 933,419	\$ 69,783
Operating grants and contributions	4,657,959	4,307,087	350,872
Capital grants and contributions	1,417,373	697,118	720,255
General revenues			
Property taxes, payments in lieu of taxes, interest and liens	4,616,142	5,465,188	(849,046)
Unrestricted interest and investment earnings	1,094	1,164	(70)
Total revenues	<u>11,695,770</u>	<u>11,403,976</u>	<u>291,794</u>
Program expenses			
General government	1,936,156	1,686,301	249,855
Public safety	456,512	417,834	38,678
Public works	593,120	584,104	9,016
Education	7,927,913	7,534,397	393,516
Interest on long-term debt	336,452	314,105	22,347
Water and Sewer Enterprise Fund	510,090	584,573	(74,483)
Total expenses	<u>11,760,243</u>	<u>11,121,314</u>	<u>638,929</u>
Excess (deficiency) before transfers	(64,473)	282,662	(347,135)
Transfers in (transfers out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(64,473)	282,662	(347,135)
Net position - beginning of year	22,427,939	22,145,277	282,662
Net position - end of year	<u>\$ 22,363,466</u>	<u>\$ 22,427,939</u>	<u>\$ (64,473)</u>

**Governmental Activities – Total and Net Cost of Activities**

The schedule below presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions:

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Governmental Activities – Total and Net Cost of Activities (*Continued*)**

	Total Cost of Services		Increase (Decrease)	Net Cost (Revenue) of Services		Increase (Decrease)
	2017	2016		2017	2016	
General government	1,936,156	1,686,301	14.80%	(192,491)	396,771	-148.50%
Public safety	456,512	417,834	9.30%	442,672	339,090	30.50%
Public works	593,120	584,104	1.50%	376,489	368,643	2.10%
Education	7,927,913	7,534,397	5.20%	3,780,713	3,710,988	1.90%
	<u>\$ 10,913,701</u>	<u>\$ 10,222,636</u>	<u>6.80%</u>	<u>\$ 4,407,383</u>	<u>\$ 4,815,492</u>	<u>-8.50%</u>

The largest change in both total and net cost of services from the prior year is with the Town's general government activities. The net cost of general government services *decreased* by \$589,262. This is due to the increase in both operating and capital grants available to offset expenses as mentioned earlier.

**Business-type Activities – Total and Net Cost of Activities**

The only business-type activity in Sprague is the Water and Sewer Fund. The schedule below presents the cost of the Town's business-type programs as well as the business-type program's net cost (total cost less revenues generated by the activities):

	Total Cost of Services		Increase (Decrease)	Net Cost (Revenue) of Services		Increase (Decrease)
	2017	2016		2017	2016	
Water and Sewer Enterprise Fund	<u>\$ 510,109</u>	<u>\$ 584,573</u>	<u>-12.70%</u>	<u>\$ (62,126)</u>	<u>\$ 54,093</u>	<u>-214.90%</u>

The net cost of services *decreased* by \$116,219 primarily from a *decrease* in repairs and maintenance expenses incurred from the previous fiscal year.

**THE TOWN'S FUNDS**

As the year showed a \$30,643 *decrease* in net position, it also showed a \$203,664 *decrease* in fund balance in the governmental funds as presented in governmental funds financial statements. The difference in the amounts is primarily from the treatment of long-term debt and capital assets as well as deferred inflows. In the fund financial statements, principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net position on the government-wide statements. Likewise, purchases of capital assets are reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net position on the government-wide statements. In the fund financial statements a write off of delinquent receivables has less of an impact than on the government wide financials. This is because uncollected receivables have already been reflected as income on the full accrual basis, and therefore a write-off of such receivables reduces that income. Uncollected receivables that are older than 60 days in the governmental fund financial statements are never recognized as income.

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Finance can revise the Town's 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 pull appropriations from one department that needs additional funding from other departments that might have excess funding. 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:

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Property taxes	\$ 5,308,885	\$ 5,282,038	\$ (26,847)
State grants-school	2,626,404	2,636,779	10,375
State grants-local	702,402	700,714	(1,688)
Local revenues	<u>220,020</u>	<u>372,504</u>	<u>152,484</u>
Total revenues	<u>8,857,711</u>	<u>8,992,035</u>	<u>134,324</u>
<b>Expenditures</b>			
General government operating budget	1,938,253	1,938,253	-
Board of Education expenditures	6,231,500	6,231,500	-
Debt service	832,013	832,013	-
Other financing sources	<u>26,500</u>	<u>26,500</u>	<u>-</u>
Total expenditures	<u>9,028,266</u>	<u>9,028,266</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (170,555)</u>	<u>\$ (36,231)</u>	<u>\$ 134,324</u>

Local revenues were \$152,484 more than budgeted. This was mainly due to building permit fees of \$150,000 collected in connection with the construction of a solar farm located within the Town. This budget variance helped to offset the shortfalls in the expected property tax and state grants – local revenues leaving a net variance of \$134,324 from what was expected overall.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Town had \$38,742,793 invested in government activity capital assets. This amount represents a net *increase* (including additions and deductions) of \$949,087 from last year. This is due to capital asset additions exceeding related depreciation expense for the year. Significant capital additions included the purchase of

**TOWN OF SPRAGUE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION** (*Continued*)

**Capital Assets** (*Continued*)

land for open space, significant road improvements made to River Street, and the purchase of public works equipment. At the end of June 30, 2017, the Town had business-type activity capital assets of \$6,336,951. There were additions totaling \$37,636 and a depreciation charge of \$140,136.

**Debt**

At year end, the Town had \$9,113,583 in bonds and notes outstanding. This is an *increase* of \$99,795 from last year. This net increase includes the addition of \$2,719,548 of bond anticipation notes due in September 2017, less principal payments totaling \$2,619,753 on existing long-term debt. As of the date of the audit report, the Town's general obligation bond rating was a Baa2 rating. More detailed information about the Town's long-term liabilities is present in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

As of June 30, 2017 the Town's General Fund unassigned fund balance of \$91,621 is approximately 1% of the fiscal year 2018 budgeted expenditures of \$8,985,460. The 2018 budget plans to use up \$18,336 of fund balance. Total budgeted expenditures are \$93,176 above the fiscal-year 2017 budget. Notable changes in the expenditure budget include:

- \$20,316 (14.1%) increase in police department
- \$15,210 (19.5%) increase in commission on aging
- \$18,694 (7.5%) decrease in bond interest payments
- \$23,888 (4.0%) increase in bond principal payments
- \$48,990 (0.8%) increase in Board of Education expenditures

Total budgeted revenues are \$93,342 higher than the fiscal-year 2017 budget.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Sprague, Connecticut, 1 Main Street, Baltic CT 06330.

**TOWN OF SPRAGUE, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 401,779	\$ 295,245	\$ 697,024
Receivables, net	653,717	99,108	752,825
Prepaid expenses	27,564	1,205	28,769
Inventories	5,329	2,009	7,338
Capital assets			
Non-depreciable	7,542,405	-	7,542,405
Depreciable, net	19,795,633	3,740,099	23,535,732
Total assets	<u>\$ 28,426,427</u>	<u>\$ 4,137,666</u>	<u>\$ 32,564,093</u>

**LIABILITIES AND NET POSITION**

LIABILITIES			
Accounts payable	\$ 231,681	\$ 25,675	\$ 257,356
Accrued payroll and related	55,584	6,010	61,594
Accrued interest payable	112,589	-	112,589
Internal balances	(164)	164	-
Due to others	23,773	-	23,773
Unearned revenues	92,479	-	92,479
Noncurrent liabilities			
Due within one year	3,320,877	-	3,320,877
Due in more than one year	6,322,604	9,355	6,331,959
Total liabilities	<u>10,159,423</u>	<u>41,204</u>	<u>10,200,627</u>
NET POSITION			
Invested in capital assets, net of related debt	18,224,455	3,740,099	21,964,554
Restricted			
Expendable	239,365	-	239,365
Nonexpendable	1,250	-	1,250
Unrestricted	(198,066)	356,363	158,297
Total net position	<u>18,267,004</u>	<u>4,096,462</u>	<u>22,363,466</u>
Total liabilities and net position	<u>\$ 28,426,427</u>	<u>\$ 4,137,666</u>	<u>\$ 32,564,093</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
General government	\$ (1,936,156)	\$ 392,377	\$ 535,528	\$ 1,200,742	\$ 192,491	\$ -	\$ 192,491
Public safety	(456,512)	-	13,840	-	(442,672)	-	(442,672)
Public works	(593,120)	-	-	216,631	(376,489)	-	(376,489)
Education	(7,927,913)	38,609	4,108,591	-	(3,780,713)	-	(3,780,713)
Interest on long-term debt	(336,452)	-	-	-	(336,452)	-	(336,452)
<b>Total governmental activities</b>	<b>(11,250,153)</b>	<b>430,986</b>	<b>4,657,959</b>	<b>1,417,373</b>	<b>(4,743,835)</b>		<b>(4,743,835)</b>
<b>Business-type activities</b>							
Water and sewer enterprise fund	(510,090)	572,216	-	-		62,126	62,126
<b>Total government</b>	<b>\$ (11,760,243)</b>	<b>\$ 1,003,202</b>	<b>\$ 4,657,959</b>	<b>\$ 1,417,373</b>	<b>(4,743,835)</b>	<b>62,126</b>	<b>(4,681,709)</b>
	<b>General revenues</b>						
	Property taxes, payments in lieu of taxes, interest and liens				4,616,142	-	4,616,142
	Unrestricted interest and investment earnings				918	176	1,094
	<b>Total general revenues</b>				<b>4,617,060</b>	<b>176</b>	<b>4,617,236</b>
	Transfers in (out), net				96,132	(96,132)	-
	Change in net position				(30,643)	(33,830)	(64,473)
	<b>NET POSITION, beginning of year</b>				<b>18,297,647</b>	<b>4,130,292</b>	<b>22,427,939</b>
	<b>NET POSITION, end of year</b>				<b>\$ 18,267,004</b>	<b>\$ 4,096,462</b>	<b>\$ 22,363,466</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SPRAGUE, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

**ASSETS**

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 203,732	\$ 56,365	\$ 968	\$ 791	\$ 139,923	\$ 401,779
Receivables, net	272,196	62,741	-	300,961	17,819	653,717
Due from other funds	69,769	-	86,865	-	21,755	178,389
Prepaid expenditures	27,064	500	-	-	-	27,564
Inventories	4,016	-	-	-	1,313	5,329
Total current assets	<u>\$ 576,777</u>	<u>\$ 119,606</u>	<u>\$ 87,833</u>	<u>\$ 301,752</u>	<u>\$ 180,810</u>	<u>\$ 1,266,778</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

<b>LIABILITIES</b>						
Accounts payable	\$ 51,848	\$ 59,531	\$ -	\$ 89,181	\$ 31,121	\$ 231,681
Accrued payroll and related	55,351	-	233	-	-	55,584
Due to other funds	103,613	74,112	-	-	500	178,225
Due to others	23,773	-	-	-	-	23,773
Unearned revenue	4,679	200	87,600	-	-	92,479
Total current liabilities	<u>239,264</u>	<u>133,843</u>	<u>87,833</u>	<u>89,181</u>	<u>31,621</u>	<u>581,742</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Revenue - unavailable	196,476	36,817	-	-	-	233,293
Total deferred inflows of resources	<u>196,476</u>	<u>36,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,293</u>
Total liabilities and deferred inflows of resources	<u>435,740</u>	<u>170,660</u>	<u>87,833</u>	<u>89,181</u>	<u>31,621</u>	<u>815,035</u>
<b>FUND BALANCES</b>						
Nonspendable	31,080	-	-	-	2,563	33,643
Restricted	-	24,542	-	211,780	3,043	239,365
Committed	-	275,892	-	-	-	275,892
Assigned	18,336	26,532	-	791	143,625	189,284
Unassigned	91,621	(378,020)	-	-	(42)	(286,441)
Total fund balances	<u>141,037</u>	<u>(51,054)</u>	<u>-</u>	<u>212,571</u>	<u>149,189</u>	<u>451,743</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 576,777</u>	<u>\$ 119,606</u>	<u>\$ 87,833</u>	<u>\$ 301,752</u>	<u>\$ 180,810</u>	<u>\$ 1,266,778</u>

*The accompanying notes are an integral part of these financial statements.*



**TOWN OF SPRAGUE, CONNECTICUT  
RECONCILIATION OF THE BALANCE SHEET OF THE  
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017**

Total fund balance for governmental funds		\$ 451,743
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		27,338,038
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds		233,293
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	(112,589)	
Long-term debt:		
General obligation bonds	(8,444,548)	
Other long-term liabilities:		
Notes payable	(669,035)	
Compensated absences	(65,554)	
Post-closure landfill costs	(8,400)	
Net OPEB obligation	(455,944)	
	(9,756,070)	
Net position of governmental activities		\$ 18,267,004

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Capital Nonrecurring Fund	Education Grants Fund	Small Cities Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Property taxes, interest, lien fees	\$ 5,282,038	\$ -	\$ -	\$ -	\$ -	\$ 5,282,038
Intergovernmental revenues	4,256,658	550,199	514,304	437,178	103,628	5,861,967
Local revenues	296,684	180,550	4,000	-	135,001	616,235
Total revenues	<u>9,835,380</u>	<u>730,749</u>	<u>518,304</u>	<u>437,178</u>	<u>238,629</u>	<u>11,760,240</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,079,686	71,168	-	-	5,892	1,156,746
Public safety	307,661	-	-	-	81,370	389,031
Public works	555,393	-	-	-	-	555,393
Education	7,150,665	-	518,304	-	139,455	7,808,424
Capital outlays	-	1,484,294	-	437,178	-	1,921,472
Debt service:						
Principal payments	631,648	2,001,843	-	-	-	2,633,491
Interest and fiscal charges	247,013	44,407	-	-	-	291,420
Bond issuance costs	-	23,607	-	-	-	23,607
Total expenditures	<u>9,972,066</u>	<u>3,625,319</u>	<u>518,304</u>	<u>437,178</u>	<u>226,717</u>	<u>14,779,584</u>
Excess (deficiency) of revenues over expenditures	(136,686)	(2,894,570)	-	-	11,912	(3,019,344)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from issuance of long-term bonds and notes	-	2,719,548	-	-	-	2,719,548
Transfers in	122,468	26,500	-	-	-	148,968
Transfers out	(26,500)	(26,336)	-	-	-	(52,836)
Total other financing sources (uses)	<u>95,968</u>	<u>2,719,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,815,680</u>
Net change in fund balances	(40,718)	(174,858)	-	-	11,912	(203,664)
FUND BALANCE, beginning of year	181,755	123,804	-	212,571	137,277	655,407
FUND BALANCE, end of year	<u>\$ 141,037</u>	<u>\$ (51,054)</u>	<u>\$ -</u>	<u>\$ 212,571</u>	<u>\$ 149,189</u>	<u>\$ 451,743</u>

*The accompanying notes are an integral part of these financial statements.*

**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, 2017**

Net change in fund balances - total governmental funds \$ (203,664)

Total change in net position reported for governmental activities in the statement of activities is different because:

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense in the current period is as follows:

Expenditures for capital assets	1,796,750	
Depreciation expense	(847,663)	
Net adjustment		949,087

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

Property taxes and other revenues in the General Fund	(669,677)	
Revenues in the Capital Nonrecurring Fund	32,815	
Net adjustment		(636,862)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
General obligation bonds	(2,719,548)	
Principal repayments:		
General obligation bonds	2,586,843	
Notes payable	32,910	
Net adjustment		(99,795)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the effect of such items:

Accrued interest	(7,687)	
Compensated absences	9,621	
Post-closure landfill costs	1,200	
Net OPEB obligation	(42,543)	
Net adjustment		(39,409)

Change in net position of governmental activities		\$ (30,643)
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2017**

**ASSETS**

	Water and Sewer Fund
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 295,245
Receivables, net	99,108
Prepaid expenses	1,205
Inventories	2,009
Total current assets	397,567
CAPITAL ASSETS, net	3,740,099
Total assets	\$ 4,137,666

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 25,675
Accrued payroll and related	6,010
Due to other funds	164
Total current liabilities	31,849
COMPENSATED ABSENCES	9,355
<b>NET POSITION</b>	
Invested in capital assets	3,740,099
Unrestricted	356,363
Total net position	4,096,462
Total liabilities and net position	\$ 4,137,666

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Water and Sewer Fund
<b>OPERATING REVENUE</b>	
Charges for services	\$ 571,816
Miscellaneous	400
Total operating revenue	572,216
<b>OPERATING EXPENSES</b>	
Salaries and related	184,918
Contractual services	17,272
Utilities	90,324
Repairs and maintenance	36,209
Other supplies and expenses	41,231
Depreciation	140,136
Total operating expenses	510,090
Operating income	62,126
<b>NON-OPERATING REVENUE</b>	
Interest income	176
Total non-operating revenue	176
<b>TRANSFERS</b>	
Transfers out	(122,468)
Transfers in	26,336
Net transfers	(96,132)
Change in net position	(33,830)
NET POSITION, beginning of year	4,130,292
NET POSITION, end of year	\$ 4,096,462

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 567,200
Cash payments to employees	(183,725)
Cash payments to suppliers	(164,723)
Net cash provided by operating activities	218,752
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipt of interest income	176
Net cash provided by investing activities	176
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfers in for capital acquisitions	26,336
Acquisition and construction of capital assets	(37,636)
Net cash used in capital and related financing activities	(11,300)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers out	(122,468)
Net cash used in financing activities	(122,468)
Net increase in cash and cash equivalents	85,160
CASH AND CASH EQUIVALENTS, beginning of year	210,085
CASH AND CASH EQUIVALENTS, end of year	\$ 295,245
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 62,126
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	140,136
Changes in assets and liabilities:	
Accounts receivable	(5,016)
Prepaid expenses	(30)
Inventories	706
Accounts payable	19,473
Accrued payroll and related	580
Due to other funds	164
Compensated absences	613
Net cash provided by operating activities	\$ 218,752

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**ASSETS**

	<u>Agency Funds</u>
Cash and cash equivalents	<u>\$ 23,141</u>

**LIABILITIES**

Due to students	<u>\$ 23,141</u>
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**PURPOSE OF ORGANIZATION**

The Town of Sprague, Connecticut (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 are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

**REPORTING ENTITY**

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB.

In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which 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 or 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 identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.



**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

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, net position/fund balances, revenues and expenses/expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. 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. The Town maintains proprietary and fiduciary funds, which are reported by type. 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 governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles, as follows:

**Fund Categories**

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:
  - General Fund - This fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.
  - Capital Nonrecurring Fund - 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.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (Continued)**

The Town also reports the following other governmental funds, some of which are major and others are considered nonmajor:

- Special Revenue Funds — Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The Special Revenue Funds of the Town are:
  - The Library Fund is used to account for the transactions of the Sprague Public Library. This fund is considered nonmajor.
  - The Dog Fund is used to account for activity for the Regional Animal Control Program. This fund is considered nonmajor.
  - The Child Nutrition Fund is used to account for the cafeteria at the elementary school. This fund is considered nonmajor.
  - The Education Grants Fund is used to account for State, Federal, and private grants to be used for educational purposes. This fund is considered a major fund.
  - The Recreation Fund is used for the transactions of the Parks & Recreation Committee. This fund is considered nonmajor.
  - The School Fund is used to account for donations and expenditures for school purposes. This fund is considered nonmajor.
  - The Small Cities Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the Federal community development block grants for both program income and the First and Second Street project. This fund is considered a major fund.
  - The Senior Smile Fund is used to account for transactions related to the Senior Center. This fund is considered nonmajor.

The Town also reports the following permanent fund:

- Lovett Cemetery Fund — The Lovett Cemetery Fund is used to maintain the principal endowment of the cemetery fund and accounts for the financial transactions of the Lovett Cemetery. This fund is considered nonmajor.
- b. Proprietary Funds - Proprietary funds include enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The following is the Town's major proprietary fund:

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (Continued)**

- Water and Sewer Fund — 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.
- c. Fiduciary Funds - (Not Included in Government-Wide Financial Statements) The Town's Fiduciary Funds (Agency Funds) are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Funds are primarily utilized to account for monies held as custodian for outside student groups.

**MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and the business-type activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION  
(*Continued*)**

obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES**

**DEPOSITS AND RISK DISCLOSURES**

Cash and equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk 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 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. 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.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. 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 changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - 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 for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES (*Continued*)**

**DEPOSITS AND RISK DISCLOSURES (*Continued*)**

Concentration 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.

**TAXES RECEIVABLE**

Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 12<sup>st</sup>), the bill becomes delinquent, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

An allowance for uncollectable taxes of \$1,147,652, the majority of which is associated with one taxpayer, has been recorded net with taxes and interest receivable as of June 30, 2017.

**OTHER RECEIVABLES**

Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

**DUE FROM/TO OTHER FUNDS**

During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES (Continued)**

**PREPAID EXPENSES/EXPENDITURES**

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**INVENTORIES**

Inventories in the governmental and business-type funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to record inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide 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.

Intangible assets lack physical substance, are nonfinancial in nature and their useful lives extend beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized. Intangible assets with legal, contractual, regulatory, technological or other factors limiting their useful life are amortized over their useful lives.

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.

Land is considered inexhaustible and, therefore, not depreciated. Construction in progress has not been put into service yet and, therefore, is not depreciated.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES (Continued)**

**CAPITAL ASSETS (Continued)**

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

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

**UNEARNED REVENUES**

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

**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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows or resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

**LONG-TERM LIABILITIES**

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.

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

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES (Continued)**

**LONG-TERM LIABILITIES (Continued)**

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.

**NET POSITION**

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets and restricted. The balance is classified as unrestricted.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**FUND BALANCE**

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for specific purposes as provided in the legislation.



**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES (Continued)**

**FUND BALANCE (Continued)**

- Committed fund balance will be reported for 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, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.
  
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

**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 generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**USE OF 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, liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 12, 2018.

**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 recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires 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 educational 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.

**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.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**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 appropriations. 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, 2017, several line item transfers were made to the Town's budget, including the following additional appropriations:

GENERAL GOVERNMENT	
Town Council	\$ 23,591
Police department	20,199
Sanitation and waste removal	560
BOARD OF EDUCATION	<u>107,753</u>
	<u>\$ 152,103</u>

**EXPENDITURES IN EXCESS OF BUDGET**

There were no over expended appropriations for the year ended June 30, 2017.

**TOWN OF SPRAGUE, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (*Continued*)**

**APPLICATION OF ACCOUNTING STANDARDS**

For the year ended June 30, 2017, the following accounting pronouncements became effective. The Town implemented such pronouncements, where applicable:

*GASB Statement 73 — Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68* — This Statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions.

*GASB Statement 74 — Financial Reporting for Postemployment Benefit Plans Other than Pensions* — This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities

*GASB Statement 77 — Tax Abatement Disclosures* — This Statement requires governments to disclose information about their tax abatements and agreements.

*GASB Statement 78 — Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* — This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided through certain cost-sharing multiple-employer defined benefit plan .

*GASB Statement 79 — Certain External Investment Pools and Pool Participants* — This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost.

*GASB Statement 80 — Blending Requirements for Certain Component Units* — This Statement amends the blending requirements of Statement 14 to require the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

**NET POSITION / FUND DEFICITS**

At June 30, 2017, the Town reported a deficit balance of \$198,066 in its unrestricted net position for governmental activities in the government-wide financial statements

In the fund financial statements, the Capital Nonrecurring Fund reported a net deficit fund balance of \$51,054 at June 30, 2017, while the Lovett Cemetery Funds reported an unassigned fund balance deficit of \$42.

The Town is expected to fund these deficits in the next fiscal year.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents of the Town consist of the following at June 30, 2017:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 697,024
Statement of fiduciary net position:	
Cash and cash equivalents	23,141
	\$ 720,165

Cash and Cash Equivalents - As of June 30, 2017, the carrying amount of the Town's deposits with financial institutions and funds maintained in external investment pools was as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 668,415
Plus external investment pools	51,750
	\$ 720,165

The bank balance of the deposits with financial institutions was \$799,684 and exposed to custodial credit risk as follows:

Covered by Federal Depository insurance	\$ 281,218
Collateralized	79,870
Uninsured and uncollateralized	438,596
	\$ 799,684

**NOTE 4 - RECEIVABLES, DEFERRED INFLOWS AND UNEARNED REVENUES**

Receivables consisted of the following at June 30, 2017:

	Fund Financials					Government-Wide Financials	
	General Fund	Capital Non- Recurring Fund	Small Cities Fund	Nonmajor Government al Funds	Water & Sewer Fund	Governmental Activities	Business-type Activities
Receivables							
Property taxes and interest	\$ 1,371,540	\$ -	\$ -	\$ -	\$ -	\$ 1,371,540	\$ -
Accounts	48,308	-	-	17,819	-	66,127	-
Intergovernmental	-	62,741	89,181	-	-	151,922	-
Loans	-	-	211,780	-	-	211,780	-
Usage	-	-	-	-	99,108	-	99,108
Receivables, gross	1,419,848	62,741	300,961	17,819	99,108	1,801,369	99,108
Allowance for doubtful accounts	(1,147,652)	-	-	-	-	(1,147,652)	-
Receivables, net	\$ 272,196	\$ 62,741	\$ 300,961	\$ 17,819	\$ 99,108	\$ 653,717	\$ 99,108

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 - RECEIVABLES, DEFERRED INFLOWS AND UNEARNED REVENUES**  
*(Continued)*

One taxpayer accounted for approximately 84% of the gross property taxes and interest receivable and 100% of the related allowance for doubtful accounts. The net receivable was realized through a combination of foreclosure and tax sale subsequent to year-end.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2017. Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The Town reports property taxes not received within 60 days of the year end as *deferred inflows of resources*.

At June 30, 2017, the Town's unearned revenues and deferred inflows of resources consisted of the following:

	Fund Financials			Government-Wide Financials	
	General Fund	Capital Non- Recurring Fund	Education Grants Fund	Governmental Activities	Business-type Activities
Current liabilities					
Unearned revenues	\$ 4,679	\$ 200	\$ 87,600	\$ 92,479	\$ -
Deferred inflows of resources					
Revenue - unavailable	\$ 196,476	\$ 36,817	\$ -	\$ -	\$ -

**NOTE 5 - INTERFUND TRANSACTIONS**

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, 2017 these were summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital and nonrecurring	\$ 69,105
General Fund	Senior Smile	500
General Fund	Water and Sewer Fund	164
Education Grants	General Fund	86,865
Recreation Fund	Capital and nonrecurring	5,007
Child Nutrition	General Fund	16,748
		\$ 178,389

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 - INTERFUND TRANSACTIONS (Continued)**

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2017 were as follows:

	Transfers into:			
	General Fund	Capital Non- Recurring Fund	Water and Sewer Fund	Total
Transfers out of:				
General Fund	\$ -	\$ 26,500	\$ -	\$ 26,500
Capital nonRecurring	-	-	26,336	26,336
Water and Sewer Fund	122,468	-	-	122,468
	\$ 122,468	\$ 26,500	\$ 26,336	\$ 175,304

**NOTE 6 - CAPITAL ASSETS**

Changes in the Town's capital assets used in the governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 7,142,487	\$ 318,200	\$ (28,200)	\$ 7,432,487
Construction in progress	84,286	97,471	(71,839)	109,918
Total capital assets, not being depreciated	7,226,773	415,671	(100,039)	7,542,405
Capital assets, being depreciated:				
Buildings and systems	10,290,574	-	-	10,290,574
Machinery and equipment	3,691,188	709,039	-	4,400,227
Infrastructure	15,737,508	772,079	-	16,509,587
Total capital assets, being depreciated	29,719,270	1,481,118	-	31,200,388
Less accumulated depreciation	(10,557,092)	(847,663)	-	(11,404,755)
Total capital assets, being depreciated, net	19,162,178	633,455	-	19,795,633
Governmental activities capital assets, net	\$ 26,388,951	\$ 1,049,126	\$ (100,039)	\$ 27,338,038

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the governmental activities as follows:

	Depreciation Expense
General Government	\$ 664,624
Public Works	37,727
Public Safety	67,481
Education	77,831
	\$ 847,663

Changes in the Town's capital assets used in the business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Buildings and systems	\$ 5,579,152	\$ 19,400	\$ -	\$ 5,598,552
Machinery and equipment	720,163	18,236	-	738,399
Total capital assets, being depreciated	6,299,315	37,636	-	6,336,951
Less accumulated depreciation	(2,456,716)	(140,136)	-	(2,596,852)
Total capital assets, being depreciated, net	\$ 3,842,599	\$ (102,500)	\$ -	\$ 3,740,099

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

	Depreciation Expense
Water and sewer	\$ 140,136



**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 - LONG-TERM LIABILITIES**

The following table summarizes changes in the Town's long-term indebtedness for the governmental activities for the year ending June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 8,311,843	\$ 2,719,548	\$ (2,586,843)	\$ 8,444,548	\$ 3,279,548
Other long-term liabilities:					
Notes payable	701,945	-	(32,910)	669,035	33,574
Compensated absences	75,175	-	(9,621)	65,554	6,555
Post closure landfill costs	9,600	-	(1,200)	8,400	1,200
Net OPEB obligation	413,401	62,464	(19,921)	455,944	-
	<u>\$ 9,511,964</u>	<u>\$ 2,782,012</u>	<u>\$ (2,650,495)</u>	<u>\$ 9,643,481</u>	<u>\$ 3,320,877</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

**NOTE 8 - GENERAL OBLIGATION BONDS**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2017 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
General	2006	\$ 1,600,000	4/1/2025	3.75-5.00%	\$ 665,000
General	2009	1,810,000	12/1/2020	2.50-4.00%	910,000
General	2013	5,290,000	6/30/2034	3.50-4.375%	4,150,000
General	2016	2,719,548	9/13/2017	2.15%	2,719,548
					<u>\$ 8,444,548</u>

**TOWN OF SPRAGUE, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 - GENERAL OBLIGATION BONDS (Continued)**

Payments to maturity on the general obligation bonds are as follows:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 3,279,548	\$ 286,841	\$ 3,566,389
2019	560,000	209,918	769,918
2020	560,000	178,324	738,324
2021	545,000	159,624	704,624
2022	445,000	143,224	588,224
2023	435,000	116,174	551,174
2024	435,000	101,974	536,974
2025	435,000	88,399	523,399
2026	250,000	65,393	315,393
2027	250,000	56,175	306,175
2028	250,000	46,644	296,644
2029	250,000	36,800	286,800
2030	150,000	28,800	178,800
2031	150,000	22,650	172,650
2032	150,000	16,312	166,312
2033	150,000	9,843	159,843
2034	150,000	3,281	153,281
	<u>\$ 8,444,548</u>	<u>\$ 1,570,376</u>	<u>\$ 10,014,924</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2017 totaled \$322,714.

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2017, approximately \$315,513 of bonds outstanding are considered defeased.

**NOTE 9 - LOANS AND NOTES PAYABLE**

The Town has a loan from the Clean Water Fund with an original amount of \$775,645. The note is payable in monthly installments of \$3,887 beginning in fiscal year 2015 when the final project obligation was signed. This loan includes interest at a rate of 2 percent per year.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9 - LOANS AND NOTES PAYABLE (Continued)**

Annual debt service requirements to maturity for the loans and notes payable are as follows:

Year ending June 30:	Governmental Activities		
	Notes and Loans		
	Principal	Interest	Total
2018	\$ 33,574	\$ 13,074	\$ 46,648
2019	34,256	12,392	46,648
2020	34,943	11,705	46,648
2021	35,649	10,999	46,648
2022	36,368	10,280	46,648
2023	37,102	9,546	46,648
2024	37,851	8,797	46,648
2025	38,612	8,036	46,648
2026	39,395	7,253	46,648
2027	40,190	6,458	46,648
2028	41,001	5,647	46,648
2029	41,828	4,820	46,648
2030	42,673	3,975	46,648
2031	43,534	3,114	46,648
2032	44,413	2,235	46,648
2033	45,310	1,338	46,648
2034	42,336	425	42,761
	<u>\$ 669,035</u>	<u>\$ 120,094</u>	<u>\$ 789,129</u>

Interest incurred and expensed on loans and notes payable for the year ended June 30, 2017 totaled \$13,738

**NOTE 10 – POST CLOSURE LANDFILL COSTS**

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 7 years totals \$8,400. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year, the actual costs amounted to \$608.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 – LONG-TERM LIABILITIES — ENTERPRISE FUND**

The following table summarizes changes in the Town's long-term indebtedness in the enterprise fund for the year ending June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Compensated absences	\$ 8,742	613	-	\$ 9,355

**NOTE 12 – LEGAL DEBT LIMIT**

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Sprague, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year	\$ 5,079,955
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	8,965
Debt limitation base	<u>\$ 5,088,920</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 11,450,070	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	22,900,140	-	-	-
3-3/4 times base	-	-	19,083,450	-	-
3-1/4 times base	-	-	-	16,538,990	-
3 times base	-	-	-	-	15,266,760
Total debt limitation	<u>\$ 11,450,070</u>	<u>\$ 22,900,140</u>	<u>\$ 19,083,450</u>	<u>\$ 16,538,990</u>	<u>\$ 15,266,760</u>
Indebtedness:					
Bonds and notes payable	<u>\$ 7,423,347</u>	<u>\$ 207,798</u>	<u>\$ 1,482,438</u>	<u>\$ -</u>	<u>\$ -</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 4,026,723</u>	<u>\$ 22,692,342</u>	<u>\$ 17,601,012</u>	<u>\$ 16,538,990</u>	<u>\$ 15,266,760</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation	<u>\$ 35,622,440</u>
--	----------------------

**NOTE 13 - NET POSITION**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 13 - NET POSITION (Continued)**

*Restricted Net Position — Expendable* - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of:

General Government	\$	211,780
Education		3,043
Capital Projects		24,542
		24,542
	\$	239,365

*Restricted Net Position- Nonexpendable* - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$1,250 in trust principal.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets". At June 30, 2017, the Town of Sprague had a deficit unrestricted net position of \$198,066 in its governmental activities, while it reported a positive unrestricted net position of \$356,363 in its business-type activities.

**NOTE 14 - FUND BALANCES**

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital Nonrecurring Fund	Small Cities Fund	Nonmajor Governmental Funds
Nonspendable				
Not in spendable form				
Prepaid expenditures	\$ 27,064	\$ -	\$ -	\$ -
Inventories	4,016	-	-	1,313
Required to be maintained				
Trust principal	-	-	-	1,250
	\$ 31,080	\$ -	\$ -	\$ 2,563

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 14 - FUND BALANCES (Continued)**

	General Fund	Capital Nonrecurring Fund	Small Cities Fund	Nonmajor Governmental Funds
<b>Restricted</b>				
General Government	\$ -	\$ -	\$ 211,780	\$ -
Education	-	-	-	3,043
Capital Projects	-	24,542	-	-
	<u>\$ -</u>	<u>\$ 24,542</u>	<u>\$ 211,780</u>	<u>\$ 3,043</u>
<b>Committed</b>				
Capital Projects	<u>\$ -</u>	<u>\$ 275,892</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Assigned</b>				
General Government	\$ -	\$ -	\$ 791	\$ 8,600
Education	-	-	-	84,390
Public Safety	-	-	-	50,635
Capital Projects	-	26,532	-	-
To balance next year's budget	18,336	-	-	-
	<u>\$ 18,336</u>	<u>\$ 26,532</u>	<u>\$ 791</u>	<u>\$ 143,625</u>
Unassigned	<u>\$ 91,621</u>	<u>\$ (378,020)</u>	<u>\$ -</u>	<u>\$ (42)</u>

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS**

**TEACHERS' RETIREMENT SYSTEM**

**Plan Description**

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System, a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board.

**Plan Membership** — All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)**

**TEACHERS' RETIREMENT SYSTEM (*Continued*)**

**Plan Benefits** — Plan provisions are set by statute of the State of Connecticut. The Teachers' Retirement System provides retirement benefits, as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary. A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and has accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

**Funding Policy** - In accordance with the Connecticut General Statutes, Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the 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 earning, 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.

The Town is not required to make contributions to the plan. The statutes require the State of Connecticut to make contributions on-behalf of the Town in an actuarially determined amount.

Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)**

**TEACHERS' RETIREMENT SYSTEM (*Continued*)**

**Actuarial Methods and Significant Assumptions** - The following assumptions were used in the pension valuations, prepared as of June 30, 2016 (the Valuation Date and Measurement Date) for use in the June 30, 2017 financial statements (Reporting Date):

<b>Experience study dates</b>	July 1, 2005 – June 30, 2010
<b>Inflation</b>	2.75%
<b>Salary increases</b>	3.25-6.50%, including inflation
<b>Investment rate of return</b>	8.00%, net of investment related expense, including inflation
<b>Discount rate</b>	8.00%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
<b>Cost of living adjustment</b>	Annually compounded increases vary based on member age and date of retirement and range from 2.00% to 6.00%
<b>Post-Retirement mortality</b>	RPH-2014 White Collar Mortality Table projected to 2020

**Changes in Assumptions** – 1. Reduce the inflation assumption from 3.00% to 2.75%; 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption rate of return assumption from 8.50% to 8.00%; 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%; 4. Slightly modify the merit portion of the salary scale; 5. Reduce the payroll growth assumption from 3.75% to 3.25%; 6. Update mortality tables to projected versions of the RPH-2014 mortality tables; 7. Increase normal retirement rates for females at most ages and pro-ratable retirement rates for males at most ages. Decrease early retirement rates for both males and females. 8. Increase rate of withdrawal; 9. Decrease rates of disability for males.

**Target Asset Allocation and Rates of Return** — The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:



**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM (Continued)**

**Target Asset Allocation and Rates of Return (Continued)**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging Market Bond	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
Cash	6.00%	0.40%

**Town's Proportionate Share of the Collective Net Pension Liability** — Connecticut school teachers participate in the TRS pursuant to Section 10-183b et seq. of the Connecticut General Statutes (the "Teachers' Retirement Act"). The Teachers' Retirement Act governs the pension benefits and eligibility of the active and retired teachers of the Sprague Public Schools. The Teachers' Retirement Act requires the Connecticut General Assembly, not any town, city or local school district, to appropriate the funds necessary to pay the pension benefits due to retirees under the System. 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 of Connecticut pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town of Sprague's Net Pension Liability	\$	-
State of Connecticut's Net Pension Liability for the Town of Sprague		7,298,118
Net Pension Liability	\$	<u>7,298,118</u>

Portion of the State of Connecticut's Net Pension Liability		
which is related to the Town of Sprague employees		0.051000%
On-behalf payments revenue and Pension expense	\$	795,886
Proportion Basis		Employee contributions
Change in proportion since prior measurement date		None

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM (Continued)**

**Sensitivity Analysis** — The following presents the net pension liability (asset) of the Town of Sprague, Connecticut's proportionate share of the plan, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Discount Rate 8.00%	1% Increase
	<u>7.00%</u>	<u>Rate 8.00%</u>	<u>9.00%</u>
State's Net Pension Liability	<u>\$9,003,831</u>	<u>\$7,298,118</u>	<u>\$5,856,206</u>

The projection of cash flows used to determine the discount rate assumed that plan 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Support Provided by Nonemployer Contributing Entity (State)** — The Town has a special funding situation whereby the State is obligated to pay the pension costs of the Teachers' Retirement System and the Town is not required to pay any of the costs. However, the Town must record the costs paid by the State on behalf of the Town's employees as revenue and expense in its GAAP financial statements which amounted to \$795,886.

**Plan Fiduciary Net Position** — Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and the year ended June 30, 2017.

**DEFERRED COMPENSATION PLAN**

The Town of Sprague, Connecticut Employee Savings Plan was established under Internal Revenue Code Section 457 and is administered by AETNA. This was established and can be amended with a change in the personnel policies and union contracts. This plan provides a noncontributory employer-contributed non-elective contribution for certain full-time employees. The contribution percentage is based on the employee's years of service. Employer contributions during the year totaled \$15,389.

**OTHER POST-EMPLOYMENT BENEFITS**

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. The liability

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS (Continued)**

accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

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.

At July 1, 2015, plan membership consisted of 37 participants, of which 34 were active employees and 3 were retirees.

**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 retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements.

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2015	\$ 685,020
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 685,020</u>
Funded Ratio	0%
Covered Payroll (Active plan members)	\$2,077,111
UAAL as a Percentage of Covered Payroll	32.98%
Annual Required Contribution	\$ 69,307
Interest on Net OPEB Obligation	15,503
Adjustment to Annual Required Contribution	<u>(22,346)</u>
Annual OPEB Cost	62,464
Contributions made	<u>(19,921)</u>
Increase in net OPEB Obligation	42,543
Net OPEB Obligation - Beginning of the year	<u>413,401</u>
Net OPEB Obligation - End of the year	<u>\$ 455,944</u>

**Actuarial Methods and Significant Assumptions** - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. The "normal cost" is derived for each active participant as the actuarial present value of the projected benefits that are attributed to expected service in the current plan year. The normal cost for the plan is the total of the individual normal costs for each participant. The accrued liability

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Significant Assumptions (Continued)**

is equal to the portion of the present value of future benefits that is allocated to years of service before the valuation date.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Discount Rate	3.75% per annum
Payroll Growth Rate	3%
Medical Inflation	8% for 2015, decreasing 0.5% per year, to an ultimate rate of 5% for 2021 and later.
Amortization Method	30 years, level dollar, open
Asset Valuation Method	N/A
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015.
Retirement	As used in the Connecticut State Teachers' Retirement System 2014 OPEB Valuation
Future Retiree Coverage	100% of all actives eligible at retirement are assumed to elect coverage. 20% of non-Medicare eligible teachers continue coverage after age 65.
Future Dependent Coverage	50% of males and 50% of females assumed married with wives assumed to be three years younger than their husbands

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 15 - PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Significant Assumptions (Continued)**

Three year trend information is as follows:

Year Ended June 30	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage Contributed	Net OPEB Obligation (NOO)
2017	\$ 62,464	\$ 19,921	31.9%	\$ 455,944
2016	\$ 57,671	\$ 16,833	29.2%	\$ 413,401
2015	\$ 57,229	\$ 16,775	29.3%	\$ 372,563

**Funding Progress**

As of the last valuation date, July 1, 2015, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$685,020. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
July 1, 2015	\$ -	\$ 685,020	\$ (685,020)	0.00%	\$2,077,111	-32.98%

**NOTE 16 - OTHER INFORMATION**

**LITIGATION**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**CONTINGENCIES**

**Grants** - The Town participates in various Federal and State grant 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.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 16 - OTHER INFORMATION (Continued)**

**CONTINGENCIES (Continued)**

**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, 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.

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. 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.

**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, 2017, the Town received its scheduled payment of \$200,000, while the abated taxes were approximately \$1,981.

**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 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 FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 16 - OTHER INFORMATION (*Continued*)**

**SUBSEQUENT EVENTS**

On September 13, 2017, the Town issued \$3,682,860 of Bond Anticipation Notes, with interest at 2.0% to finance certain capital and nonrecurring projects and to pay down current Bond Anticipation Notes. The Notes mature on September 12, 2018.

Subsequent to June 30, 2017, the Town settled its tax sales and foreclosures against a delinquent taxpayer. As part of the process, the Town took title to approximately 418 acres of real property.

In August 2017, Moody's rating service downgraded the Town's bond rating from A2 to Baa1. The bond rating was further downgraded to Baa2 in December 2017.

**MINIMUM BUDGET REQUIREMENT**

The State of Connecticut has established a Minimum Budget Requirement ("MBR") for education expenditures. The MBR prohibits a town from budgeting less for education than it did in the previous year unless, and with limits, the town can demonstrate (1) a decrease in school enrollment or (2) savings through increased efficiencies. If the Town receives an increase or decrease in their Education Cost Sharing grant, the MBR will increase or decrease by the same amount.

**GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits (OPEB) Other than Pensions* – This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this statement are effective for fiscal years beginning after June 15, 2017. Management is currently assessing the impact of this standard on the Town.
- GASB Statement 81 – *Irrevocable Split-Interest Agreements* – This Statement provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement and is effective for periods beginning after December 15, 2016. Management does not expect this statement to have a significant impact on the Town.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 16 - OTHER INFORMATION** (*Continued*)

**GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE** (*Continued*)

- GASB Statement 83 – *Certain Asset Retirement Obligations* – This statement addresses accounting and financial reporting for certain asset retirement obligations (“ARO”). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The statement is effective for periods beginning after June 15, 2018. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 84 – *Fiduciary Activities* – This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and is effective for periods beginning after December 15, 2018. Management is currently assessing the impact of this standard on the Town.
- GASB Statement 85 – *Omnibus 2017* – This statement addresses practice issues that have been identified during implementation and application of certain GASB statements and is effective for periods beginning after June 15, 2017. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 86 – *Certain Debt Extinguishment Issues* – The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management does not expect this statement to have a significant impact on the Town.
- GASB Statement 87 – *Leases* - This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management is currently assessing the impact of this standard on the Town.



**TOWN OF SPRAGUE, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	BUDGETED AMOUNTS			ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	APPROPRIATIONS AND TRANSFERS	FINAL		
<b>PROPERTY TAXES</b>					
Current year taxes	\$ 4,856,885	\$ -	\$ 4,856,885	\$ 4,410,723	\$ (446,162)
PILOT Solar Farm	200,000	-	200,000	200,000	-
Prior year taxes	145,000	-	145,000	399,772	254,772
Interest and lien fees	55,000	-	55,000	193,034	138,034
Motor vehicle supplement	52,000	-	52,000	78,509	26,509
	<u>5,308,885</u>	<u>-</u>	<u>5,308,885</u>	<u>5,282,038</u>	<u>(26,847)</u>
<b>STATE GRANTS - SCHOOL</b>					
Education cost sharing (ECS)	2,626,404	-	2,626,404	2,636,779	10,375
	<u>2,626,404</u>	<u>-</u>	<u>2,626,404</u>	<u>2,636,779</u>	<u>10,375</u>
<b>STATE GRANTS - LOCAL</b>					
MRSA municipal projects	386,528	-	386,528	386,528	-
Town aid roads (TAR)	151,257	-	151,257	151,417	160
MRSA property tax relief	89,456	-	89,456	89,456	-
Mashantucket Pequot grant	26,245	-	26,245	26,245	-
State police overtime reimbursement	15,000	-	15,000	13,840	(1,160)
Elderly tax relief - homeowners	9,900	-	9,900	8,965	(935)
Elderly and disabled transportation grant	8,800	-	8,800	8,543	(257)
Telecommunication property grant	8,700	-	8,700	7,602	(1,098)
Emergency management agency	2,800	-	2,800	2,544	(256)
Veterans tax relief	2,772	-	2,772	2,712	(60)
Disability exemption reimbursement	378	-	378	321	(57)
PILOT state property	366	-	366	366	-
Judicial 10th circuit	200	-	200	2,175	1,975
	<u>702,402</u>	<u>-</u>	<u>702,402</u>	<u>700,714</u>	<u>(1,688)</u>
<b>LOCAL REVENUES</b>					
Waste management	52,000	-	52,000	54,795	2,795
Principal subsidy for Resv. Dam project	45,000	-	45,000	45,000	-
Interest subsidy for Resv. Dam project	30,820	-	30,820	30,820	-
Landfill receipts	25,000	-	25,000	23,669	(1,331)
Building permit fees	20,000	-	20,000	154,655	134,655
Conveyance tax	17,000	-	17,000	15,492	(1,508)
Land records, maps, etc.	10,000	-	10,000	12,777	2,777
Copies and fax machine	5,000	-	5,000	5,601	601
Permit fees, planning and zoning, inlands and wetlands	4,000	-	4,000	4,283	283
Newsletter	3,000	-	3,000	2,051	(949)
Dog license fees	2,750	-	2,750	1,320	(1,430)
Transportation subsidy (SCRRA)	2,000	-	2,000	3,634	1,634
License and permit fees	1,000	-	1,000	2,139	1,139
Interest income	1,000	-	1,000	918	(82)
Farmland preservation	950	-	950	996	46
Sundry receipts	200	-	200	298	98
Marriage licenses	150	-	150	187	37
Sportsman licenses	150	-	150	97	(53)
Miscellaneous local revenues	-	-	-	13,772	13,772
	<u>220,020</u>	<u>-</u>	<u>220,020</u>	<u>372,504</u>	<u>152,484</u>
Total revenues	<u>8,857,711</u>	<u>-</u>	<u>8,857,711</u>	<u>8,992,035</u>	<u>134,324</u>

*Continued*

**TOWN OF SPRAGUE, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	BUDGETED AMOUNTS			ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	APPROPRIATIONS AND TRANSFERS	FINAL		
GENERAL GOVERNMENT					
Board of Selectmen	98,262	(884)	97,378	97,378	-
Elections	20,178	(3,519)	16,659	16,659	-
Board of Finance	300	(80)	220	220	-
Auditing	22,650	1,000	23,650	23,650	-
Bookkeeper	26,394	(916)	25,478	25,478	-
Tax Assessor	23,959	(1,688)	22,271	22,271	-
Tax Collector	28,976	(61)	28,915	28,915	-
Town Treasurer	2,400	-	2,400	2,400	-
Town Council	25,000	23,591	48,591	48,591	-
Town Clerk	51,128	(204)	50,924	50,924	-
Telephone services and website	11,500	(636)	10,864	10,864	-
Pool secretaries	55,303	(421)	54,882	54,882	-
Town office building	38,105	(600)	37,505	37,505	-
Grants/contracts manager	33,562	(4,481)	29,081	29,081	-
Planning and zoning commission	23,225	7,247	30,472	30,472	-
Land use	800	(192)	608	608	-
Economic development	1,500	(1,245)	255	255	-
Conservation commission	1,100	(715)	385	385	-
Conservation/Wetlands enforcement officer	7,178	907	8,085	8,085	-
Highways	385,028	646	385,674	385,674	-
Tree maintenance	12,250	(450)	11,800	11,800	-
Street lighting	26,500	3	26,503	26,503	-
Social security	59,420	(458)	58,962	58,962	-
Deferred compensation	15,372	17	15,389	15,389	-
Regional planning agencies	40,556	(193)	40,363	40,363	-
Insurance	192,924	(8,414)	184,510	184,510	-
Police department	144,153	20,199	164,352	164,352	-
Fire department	105,000	203	105,203	105,203	-
Emergency management	4,030	(53)	3,977	3,977	-
Fire marshal	10,426	227	10,653	10,653	-
Building official	20,173	4,371	24,544	24,544	-
Blight enforcement officer	3,678	-	3,678	3,678	-
Sanitation and waste removal	50,000	13,256	63,256	63,256	-
Waste management	57,942	1,504	59,446	59,446	-
Commission on aging	77,829	6,999	84,828	84,828	-
Capital projects	14,000	(25)	13,975	13,975	-
Parks and playground	2,000	(332)	1,668	1,668	-
Recreation commission	15,462	26	15,488	15,488	-
Recreation facilities	2,200	(251)	1,949	1,949	-
Recreation events	8,833	(2,261)	6,572	6,572	-
Other recreation programs	1,250	-	1,250	1,250	-
Grist mill	16,865	(682)	16,183	16,183	-
Historical museum	7,200	(1,911)	5,289	5,289	-
Library	68,039	(498)	67,541	67,541	-
Miscellaneous	23,004	5,141	28,145	28,145	-
Water and sewer authority	7,500	(55)	7,445	7,445	-
Computer service and supplies	45,749	(4,762)	40,987	40,987	-
Total general government	<u>1,888,903</u>	<u>49,350</u>	<u>1,938,253</u>	<u>1,938,253</u>	<u>-</u>

*Continued*

**TOWN OF SPRAGUE, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	BUDGETED AMOUNTS			ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	APPROPRIATIONS AND TRANSFERS	FINAL		
BOARD OF EDUCATION	6,123,747	107,753	6,231,500	6,231,500	-
DEBT SERVICE					
Principal payments	590,000	(5,000)	585,000	585,000	-
Interest and fiscal charges	247,013	-	247,013	247,013	-
Total debt service	<u>837,013</u>	<u>(5,000)</u>	<u>832,013</u>	<u>832,013</u>	<u>-</u>
OTHER FINANCING USES					
Transfer out - Capital Nonrecurring Fund	<u>26,500</u>	<u>-</u>	<u>26,500</u>	<u>26,500</u>	<u>-</u>
Total expenses and other financing uses	<u>8,876,163</u>	<u>152,103</u>	<u>9,028,266</u>	<u>9,028,266</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures - budgetary basis	<u>\$ (18,452)</u>	<u>\$ (152,103)</u>	<u>\$ (170,555)</u>	<u>(36,231)</u>	<u>\$ 134,324</u>
Adjustments to Generally Accepted Accounting Principals (GAAP):					
On behalf revenues from teacher's retirement netted in budget				795,886	
On behalf expenditures from teacher's retirement netted in budget				(795,886)	
Revenues from education grants netted in budget				123,279	
Expenditures from education grants netted in budget				(123,279)	
Transfers in from Water and Sewer Funds				122,468	
Payment of Water and Sewer debt				(122,468)	
Prior year encumbrances				(3,351)	
Change in accrued payroll				<u>(1,136)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses) - GAAP Basis				<u>\$ (40,718)</u>	

*See Independent Auditors' Report*

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST EMPLOYMENT BENEFITS  
LAST THREE ACTUARIAL VALUATIONS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2015	\$ -	\$ 685,020	\$ 685,020	0.0%	\$ 2,077,111	32.98%
July 1, 2012	-	659,399	659,399	0.0%	1,945,663	33.89%
July 1, 2009	-	1,222,687	1,222,687	0.0%	1,852,797	65.99%

*See Independent Auditors' Report*

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS  
LAST SEVEN FISCAL YEARS**

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2017	\$ 69,307	\$ 19,921	28.74%
June 30, 2016	62,796	16,833	26.81%
June 30, 2015	61,797	16,775	27.15%
June 30, 2014	60,842	14,307	23.52%
June 30, 2013	59,928	20,561	34.31%
June 30, 2012	137,966	39,179	28.40%
June 30, 2011	135,188	56,581	41.85%

*See Independent Auditors' Report*

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
CONNECTICUT TEACHERS' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.0%	0.0%	0.0%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability	<u>\$ 7,298,118</u>	<u>\$ 5,540,211</u>	<u>\$ 5,120,815</u>
Total proportionate share of the collective net pension liability	<u>\$ 7,298,118</u>	<u>\$ 5,540,211</u>	<u>\$ 5,120,815</u>
Town's covered payroll	\$ 2,063,242	\$ 2,059,331	\$ 1,905,034
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

**NOTES TO THE SCHEDULE:**

The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 actuarial valuation and measurement date).

*Benefit changes:* There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.5%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**TOWN OF SPRAGUE, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Nonmajor Special Revenue Funds	Permanent Fund - Lovett Cemetery Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 138,715	\$ 1,208	\$ 139,923
Receivables, net	17,819	-	17,819
Due from other funds	21,755	-	21,755
Inventories	1,313	-	1,313
Total assets	<u>\$ 179,602</u>	<u>\$ 1,208</u>	<u>\$ 180,810</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 31,121	\$ -	\$ 31,121
Accrued payroll and related	-	-	-
Due to other funds	500	-	500
Unearned revenues	-	-	-
Total liabilities	<u>31,621</u>	<u>-</u>	<u>31,621</u>
<b>FUND BALANCES</b>			
Nonspendable	1,313	1,250	2,563
Restricted	3,043	-	3,043
Assigned	143,625	-	143,625
Unassigned	-	(42)	(42)
Total fund balances	<u>147,981</u>	<u>1,208</u>	<u>149,189</u>
Total liabilities and fund balances	<u>\$ 179,602</u>	<u>\$ 1,208</u>	<u>\$ 180,810</u>

*See Independent Auditors' Report*

**TOWN OF SPRAGUE, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Nonmajor Special Revenue Funds	Permanent Fund - Lovett Cemetery Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenues	\$ 103,628	\$ -	\$ 103,628
Local revenues	135,000	1	135,001
Total revenues	<u>238,628</u>	<u>1</u>	<u>238,629</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,892	-	5,892
Public safety	81,370	-	81,370
Education	139,455	-	139,455
Total expenditures	<u>226,717</u>	<u>-</u>	<u>226,717</u>
Excess (deficiency) of revenues over expenditures	11,911	1	11,912
Fund balances, beginning of year	<u>136,070</u>	<u>1,207</u>	<u>137,277</u>
Fund balances, end of year	<u>\$ 147,981</u>	<u>\$ 1,208</u>	<u>\$ 149,189</u>



**TOWN OF SPRAGUE, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund	Senior Smile Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,914	\$ 63,937	\$ 67,641	\$ -	\$ 3,043	\$ 1,180	\$ 138,715
Receivables, net	-	17,819	-	-	-	-	17,819
Due from other funds	-	-	16,748	5,007	-	-	21,755
Inventories	-	-	1,313	-	-	-	1,313
Total assets	<u>\$ 2,914</u>	<u>\$ 81,756</u>	<u>\$ 85,702</u>	<u>\$ 5,007</u>	<u>\$ 3,043</u>	<u>\$ 1,180</u>	<u>\$ 179,602</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 31,121	\$ -	\$ -	\$ -	\$ -	\$ 31,121
Accrued payroll and related	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	500	500
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>31,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>31,621</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	1,313	-	-	-	1,313
Restricted	-	-	-	-	3,043	-	3,043
Assigned	2,914	50,635	84,389	5,007	-	680	143,625
Total fund balances	<u>2,914</u>	<u>50,635</u>	<u>85,702</u>	<u>5,007</u>	<u>3,043</u>	<u>680</u>	<u>147,981</u>
Total liabilities and fund balances	<u>\$ 2,914</u>	<u>\$ 81,756</u>	<u>\$ 85,702</u>	<u>\$ 5,007</u>	<u>\$ 3,043</u>	<u>\$ 1,180</u>	<u>\$ 179,602</u>

**TOWN OF SPRAGUE, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	Library Fund	Dog Fund	Child Nutrition Fund	Recreation Fund	School Fund	Senior Smile Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>							
Intergovernmental revenues	\$ 71	\$ -	\$ 103,557	\$ -	\$ -	\$ -	\$ 103,628
Local revenues	151	93,559	34,607	2,800	2	3,881	135,000
Total revenues	<u>222</u>	<u>93,559</u>	<u>138,164</u>	<u>2,800</u>	<u>2</u>	<u>3,881</u>	<u>238,628</u>
<b>EXPENDITURES</b>							
Current:							
General government	1,200	-	-	560	-	4,132	5,892
Public safety	-	81,370	-	-	-	-	81,370
Education	-	-	139,223	-	232	-	139,455
Total expenditures	<u>1,200</u>	<u>81,370</u>	<u>139,223</u>	<u>560</u>	<u>232</u>	<u>4,132</u>	<u>226,717</u>
Excess (deficiency) of revenues over expenditures	(978)	12,189	(1,059)	2,240	(230)	(251)	11,911
Fund balances, beginning of year	3,892	38,446	86,761	2,767	3,273	931	136,070
Fund balances, end of year	<u>\$ 2,914</u>	<u>\$ 50,635</u>	<u>\$ 85,702</u>	<u>\$ 5,007</u>	<u>\$ 3,043</u>	<u>\$ 680</u>	<u>\$ 147,981</u>

**TOWN OF SPRAGUE, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2017**

	<b>Student Activity Fund</b>			
	Beginning Balance	Additions	Deductions	Ending Balance
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,036	\$ 45,431	\$ (44,315)	\$ 22,152
<b>LIABILITIES</b>				
Due to Students	\$ 21,036	\$ 45,431	\$ (44,315)	\$ 22,152

	<b>Parent - Teacher Organization Fund</b>			
	Beginning Balance	Additions	Deductions	Ending Balance
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 13,629	\$ (12,640)	\$ 989
<b>LIABILITIES</b>				
Due to Students	\$ -	\$ 13,629	\$ (12,640)	\$ 989

	<b>Total Agency Funds</b>			
	Beginning Balance	Additions	Deductions	Ending Balance
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,036	\$ 59,060	\$ (56,955)	\$ 23,141
<b>LIABILITIES</b>				
Due to Students	\$ 21,036	\$ 59,060	\$ (56,955)	\$ 23,141

*See Independent Auditors' Report*

**TOWN OF SPRAGUE, CONNECTICUT  
REPORT OF THE PROPERTY TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List	Taxes Receivable July 1, 2016	Current Year Levy	Lawful Corrections		Transfer to Suspend	Net Taxes Collectable	Collections during the Year			Taxes Receivable June 30, 2017	
			Additions	Deductions			Taxes	Susp. Tax/Overpmts	Interest & Liens		Total
2015	\$ -	\$ 5,397,519	\$ 16,961	\$ (36,483)	\$ -	\$ 5,377,997	\$ 4,936,848	\$ -	\$ 24,067	\$ 4,960,915	\$ 441,149
2014	498,548	-	197	(5,879)	-	492,866	73,831	-	18,980	92,811	419,035
2013	256,041	-	-	(4,617)	(20,016)	231,408	17,057	-	7,313	24,370	214,351
2012	5,549	-	-	(3,751)	-	1,798	1,792	-	67	1,859	6
2011	3,808	-	-	(3,713)	-	95	-	-	-	-	95
2010	3,346	-	-	(3,449)	-	(103)	-	-	-	-	(103)
2009	1,654	-	-	(1,685)	-	(31)	-	-	-	-	(31)
2008	108	-	-	-	-	108	-	-	-	-	108
2007	108	-	-	-	-	108	-	-	-	-	108
2006	109	-	-	-	-	109	-	-	-	-	109
2005	101	-	-	-	-	101	-	-	-	-	101
Prior	(202)	-	-	(26)	-	(228)	-	-	-	-	(228)
	<u>\$ 769,170</u>	<u>\$ 5,397,519</u>	<u>\$ 17,158</u>	<u>\$ (59,603)</u>	<u>\$ (20,016)</u>	<u>\$ 6,104,228</u>	<u>\$ 5,029,528</u>	<u>\$ -</u>	<u>\$ 50,427</u>	<u>\$ 5,079,955</u>	<u>\$ 1,074,700</u>

See Independent Auditors' Report

**Town of Sprague, Connecticut**  
**Schedule of Changes in Fund Balances - by Project**  
**Capital Nonrecurring Fund**  
**For the year ended June 30, 2017**

	Beginning Ending Balance	Adjustments to Beg. Balance	Transfers In	Bond Proceeds	Other Revenues	Total Available	CY Expenditures	Internal Transfers	Ending Fund Balance	Elimination Deficit Balances	Reported Fund Balance
<b>Restricted Fund Balance</b>											
<i>General Government</i>											
Town Hall Boilers	\$ 16,467	\$ -	\$ -	\$ -	\$ -	\$ 16,467	\$ -	\$ -	\$ 16,467	\$ -	\$ 16,467
Senior Center Bus	(588)	-	-	-	-	(588)	-	-	(588)	588	-
Senior Center Van (FY 17)	-	-	-	11,500	45,438	56,938	(56,797)	-	141	-	141
Ash Tree Grant	-	-	-	-	3,000	3,000	(3,000)	-	-	-	-
Historic Document Preservation Fund	2,493	(218)	-	-	5,264	7,539	(4,753)	-	2,786	-	2,786
Town Clerk - Mers Grantee	870	-	-	-	290	1,160	-	-	1,160	-	1,160
Agricultural Viability Grant	1,090	-	-	-	-	1,090	-	-	1,090	-	1,090
Solar Panels Project	2,867	-	-	-	-	2,867	-	-	2,867	-	2,867
LOCIP	(1,763)	-	-	-	-	(1,763)	-	-	(1,763)	1,763	-
Baltic Mills Brownfields	-	-	-	-	-	-	(34,092)	-	(34,092)	34,092	-
<i>Public Works</i>											
Town Garage Refurbishing	(87,381)	-	-	-	-	(87,381)	-	-	(87,381)	87,381	-
Cold Storage Building FY17	-	-	-	-	-	-	(45,931)	-	(45,931)	45,931	-
<i>Public Safety</i>											
Pump Station #2 - Hanover	3,202	-	-	-	3,202	6,404	(3,202)	(3,202)	-	-	-
Generator System BFD (FY11)	31	-	-	-	-	31	-	-	31	-	31
Baltic Reservoir	(7,724)	-	-	-	-	(7,724)	-	-	(7,724)	7,724	-
Hanover Reservoir Dam	(4,760)	-	-	14,200	30,000	39,440	(45,273)	-	(5,833)	5,833	-
<i>Education</i>											
Playground Equipment	3,124	-	-	-	-	3,124	(3,124)	-	-	-	-
<i>Elimination Deficit Balances</i>	102,216	-	-	-	-	102,216	-	3,202	105,418	(105,418)	-
<b>Total Restricted Fund Balance</b>	<b>30,144</b>	<b>(218)</b>	<b>-</b>	<b>25,700</b>	<b>87,194</b>	<b>142,820</b>	<b>(196,172)</b>	<b>-</b>	<b>(53,352)</b>	<b>77,894</b>	<b>24,542</b>
<b>Committed Fund Balance</b>											
<i>General Government</i>											
Open Space	(5,858)	-	-	-	15,130	9,272	(30,769)	-	(21,497)	21,497	-
Open Space Purchase (Robinson Prop)	-	-	-	-	290,100	290,100	(290,000)	-	100	-	100
Library Technology	3,303	-	3,000	-	-	6,303	(5,564)	-	739	-	739
Elections Technology	-	-	1,500	-	-	1,500	(39)	-	1,461	-	1,461
Plan of Conserv. & Dev.	49,000	-	8,000	-	-	57,000	(13,000)	-	44,000	-	44,000
Salary 27th Pay Period	10,000	-	2,000	-	-	12,000	-	-	12,000	-	12,000
Security Cameras	3,807	-	-	-	-	3,807	(2,734)	-	1,073	-	1,073
Town Facilities Technology	-	-	3,000	-	-	3,000	(3,400)	-	(400)	400	-
Misc Technical Items	1,062	-	-	-	-	1,062	(430)	-	632	-	632
Robinson Property Survey	(27,200)	-	-	-	-	(27,200)	-	-	(27,200)	27,200	-
Senior Center DW & Grs trp	466	-	-	-	-	466	-	-	466	-	466
Revaluation	45,445	-	5,000	-	-	50,445	(24,966)	-	25,479	-	25,479
Town Hall File Cabinets FY13	(1,243)	-	-	-	-	(1,243)	-	-	(1,243)	1,243	-
Demo 134/136 High Street	920	-	-	-	-	920	-	-	920	-	920
Demo 31 West Main	(28,943)	-	-	-	-	(28,943)	(115)	-	(29,058)	29,058	-
150th Anniversary	11,650	-	-	-	-	11,650	-	-	11,650	-	11,650
Shetucket Village Upgrades	3,859	-	-	-	-	3,859	-	-	3,859	-	3,859
<i>Public Works</i>											
Miscellaneous Tools & Equipment FY16	3,000	-	-	-	-	3,000	(295)	-	2,705	-	2,705
Miscellaneous Tools & Equipment FY17	-	-	2,000	-	-	2,000	-	-	2,000	-	2,000
Sidewalk Phase IV (Maple/Elm)	600	-	-	-	-	600	-	(600)	-	-	-
Sidewalk Phase VII (River St)	-	-	-	60,000	350	60,350	(46,559)	-	13,791	-	13,791
Public Works Equip. (11/12)	13,500	-	-	-	-	13,500	-	(7,000)	6,500	-	6,500
Public Works Equip. (13/14)	15,742	-	-	-	-	15,742	(13,600)	-	2,142	-	2,142
Public Works Dept Equipment Acquisitions	-	-	-	-	-	-	-	-	-	-	-
PW Sweeper FY 17	-	-	-	33,000	160,000	193,000	(200,000)	7,000	-	-	-
PW Mower FY 17	-	-	-	28,600	109,622	138,222	(137,027)	-	1,195	-	1,195
PW Dump Truck FY 17	-	-	-	175,000	-	175,000	(165,576)	-	9,424	-	9,424
River Park Dry Hydrants FY 17	-	-	-	23,000	21,339	44,339	(63,075)	-	(18,736)	18,736	-
Water Supply Plan	23,500	-	-	-	-	23,500	-	-	23,500	-	23,500
Security Equipment Acquisition & Installation FY 17	-	-	-	42,405	-	42,405	(41,739)	-	666	-	666
CONTINUED											
<i>Roads</i>											
Chip Seal 2015-2016	2,088	-	-	-	-	2,088	(2,088)	-	-	-	-

See Independent Auditors' Report

**Town of Sprague, Connecticut**  
**Schedule of Changes in Fund Balances - by Project**  
**Capital Nonrecurring Fund**  
**For the year ended June 30, 2017**

	Beginning Ending Balance	Adjustments to Beg. Balance	Transfers In	Bond Proceeds	Other Revenues	Total Available	CY Expenditures	Internal Transfers	Ending Fund Balance	Elimination Deficit Balances	Reported Fund Balance
Roads 2016-2017	(345)	-	-	150,000	320	149,975	(217,944)	600	(67,369)	67,369	-
CT Main Street / LOTCIP (FY18 Bonding)	-	-	-	-	-	-	(17,510)	-	(17,510)	17,510	-
Signage	11	-	-	-	-	11	-	-	11	-	11
Snow Blower Replacement	2,000	-	-	-	-	2,000	(1,980)	-	20	-	20
<i>Public Safety</i>											
BFD Building Impr. FY16	8,480	-	-	-	-	8,480	(8,480)	-	-	-	-
BFD Building Impr. FY17	-	-	-	40,000	-	40,000	(38,646)	-	1,354	-	1,354
BFD Pump	-	-	2,000	-	-	2,000	-	-	2,000	-	2,000
FY10 1986 Seagrave 100' Ladder Truck Repair	727	-	-	-	-	727	-	-	727	-	727
FY10 Four Defibrillators	115	-	-	-	-	115	-	-	115	-	115
FY09 1988 Ford E-One Pumper ET-324	5,474	-	-	-	-	5,474	-	-	5,474	-	5,474
FY09 Preliminary Architectural Costs	18,875	-	-	-	-	18,875	-	-	18,875	-	18,875
<i>Education</i>											
Sayles School Improvements FY17	-	-	-	100,000	-	100,000	(16,986)	-	83,014	-	83,014
Sayles School Building Upgrades FY16	14,655	-	-	-	-	14,655	(14,655)	-	-	-	-
FY03 Generator at Sayles School	(1,839)	-	-	-	-	(1,839)	-	-	(1,839)	1,839	-
<i>Committed</i>	(102,216)	-	-	-	-	(102,216)	-	-	(102,216)	102,216	-
<b>Total Committed Fund Balance</b>	<b>70,635</b>	<b>-</b>	<b>26,500</b>	<b>652,005</b>	<b>596,861</b>	<b>1,346,001</b>	<b>(1,357,177)</b>	<b>-</b>	<b>(11,176)</b>	<b>287,068</b>	<b>275,892</b>
<b>Assigned Fund Balance</b>											
Bond Proceeds	-	-	-	2,041,843	-	2,041,843	(2,069,857)	-	(28,014)	28,014	-
Skateboard Park & Upgrades	1,566	-	-	-	-	1,566	-	-	1,566	-	1,566
Sprague Land Preserve	371	-	-	-	-	371	-	-	371	-	371
Christmas Families	-	-	-	-	3,369	3,369	(3,369)	-	-	-	-
Food Bank	2,016	-	-	-	13,185	15,201	(1,999)	-	13,202	-	13,202
Rental Property	(866)	2,700	-	-	28,140	29,974	(18,581)	-	11,393	-	11,393
Summer Concerts	975	-	-	-	2,000	2,975	(4,500)	-	(1,525)	1,525	-
Miscellaneous Expense	-	(2,700)	-	-	-	(2,700)	-	-	(2,700)	2,700	-
<i>Assigned</i>	18,963	218	-	-	-	19,181	-	-	19,181	(19,181)	-
<b>Total Assigned Fund Balance</b>	<b>23,025</b>	<b>218</b>	<b>-</b>	<b>2,041,843</b>	<b>46,694</b>	<b>2,111,780</b>	<b>(2,098,306)</b>	<b>-</b>	<b>13,474</b>	<b>13,058</b>	<b>26,532</b>
<b>Unassigned Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(378,020)</b>	<b>(378,020)</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 123,804</b>	<b>\$ -</b>	<b>\$ 26,500</b>	<b>\$ 2,719,548</b>	<b>\$ 730,749</b>	<b>\$ 3,600,601</b>	<b>\$ (3,651,655)</b>	<b>\$ -</b>	<b>\$ (51,054)</b>	<b>\$ -</b>	<b>\$ (51,054)</b>

See Independent Auditors' Report

**Town of Sprague, Connecticut**  
**Schedule of Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**General Fund - Board of Education Expenditures**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>1000-Regular Instruction</b>					
1000.51110. Wages Paid to Teachers	\$ 1,326,695	\$ 1,614	\$ 1,328,309	\$ 1,328,309	\$ -
1000.51120. Wages Paid to Instructional Aides	21,562	(18,686)	2,876	2,876	-
1000.51130. Wages Paid to Substitute Teachers	49,000	(49,000)	-	-	-
1000.51930. Stipends Paid	-	(2,250)	(2,250)	(2,250)	-
1000.52100. Group Life Insurance- Regular	1,847	(75)	1,772	1,772	-
1000.52200. FICA/Medicare Employer	21,770	(7,149)	14,621	14,621	-
1000.52500. Tuition Reimbursement	7,500	4,126	11,626	11,626	-
1000.52800. Health Insurance- Regular	319,773	(27,606)	292,167	292,167	-
1000.53200. Substitutes- Regular Education	-	47,980	47,980	47,980	-
1000.53230. Purchased Pupil Services	3,000	(4,022)	(1,022)	(1,022)	-
1000.54300. Equipment Repairs & Maint	1,450	(1,450)	-	-	-
1000.54420. Equipment Leasing	16,600	1,851	18,451	18,451	-
1000.56100. General Supplies- Regular Education	9,400	(7,677)	1,723	1,723	-
1000.56110. Instructional Supplies - Regular Education	4,219	(1,742)	2,477	2,477	-
1000.56400. Workbooks/Disposables	20,000	(18,834)	1,166	1,166	-
1000.56410. Textbooks	10,000	(9,799)	201	201	-
1000.56501. Ink and Toner	5,000	892	5,892	5,892	-
1000.57300. Equipment- Non Instructional	400	(181)	219	219	-
1000.57330. Furniture & Fixtures	500	(500)	-	-	-
1000.57345. Equipment- Instructional	1,300	(1,300)	-	-	-
1000.57350. Software- Instructional	-	-	-	-	-
1000.57351. Software - Non-Instructional	-	-	-	-	-
1000.58100. Dues & Fees	4,365	(4,025)	340	340	-
	<u>1,824,381</u>	<u>(97,833)</u>	<u>1,726,548</u>	<u>1,726,548</u>	<u>-</u>
<b>1200-Special Education</b>					
1200.51110. Wages Paid to Teachers	144,924	21,154	166,078	166,078	-
1200.51120. Wages Paid to Instructional Aides	165,480	23,380	188,860	188,860	-
1200.51900. Wages Paid - Other Certified Staff	50,358	(37,055)	13,303	13,303	-
1200.51901. Wages Paid - Other Non Certified Staff	69,572	11,570	81,142	81,142	-
1200.52100. Group Life Insurance- SPED	1,272	(195)	1,077	1,077	-
1200.52200. FICA/Medicare Employer	26,759	(1,395)	25,364	25,364	-
1200.52300. Pension Contributions	7,583	(2,816)	4,767	4,767	-
1200.52800. Health Insurance	135,834	(2,934)	132,900	132,900	-
1200.53100. Administrative Services	40,000	(40,000)	-	-	-
1200.53200. Substitutes- SPED	49,000	5,909	54,909	54,909	-
1200.53210. Tutors	-	-	-	-	-
1200.53230. Purchased Pupil Services	-	185,923	185,923	185,923	-
1200.53300. Other Prof/Tech Services	-	(5,526)	(5,526)	(5,526)	-
1200.54420. Equipment Leasing	4,000	83	4,083	4,083	-
1200.55301. Postage	500	(777)	(277)	(277)	-
1200.55800. Travel Reimbursement	2,000	(1,942)	58	58	-
1200.56100. General Supplies- Special Education	4,500	(1,709)	2,791	2,791	-
1200.56110. Instructional Supplies	255	(80)	175	175	-
1200.56400. Workbooks/Disposables	3,700	(3,250)	450	450	-
1200.56410. Textbooks	1,500	(1,500)	-	-	-
1200.58100. Dues & Fees	1,478	(386)	1,092	1,092	-
	<u>708,715</u>	<u>148,454</u>	<u>857,169</u>	<u>857,169</u>	<u>-</u>
<b>1300-Adult Education- Cooperative</b>					
1300.55690. Tuition -Adult Cooperative	18,000	(3,807)	14,193	14,193	-
	<u>18,000</u>	<u>(3,807)</u>	<u>14,193</u>	<u>14,193</u>	<u>-</u>
<b>1500-Stipends- Extra Curricular</b>					
1500.51930. Extra Curricular Stipends Paid	13,948	5,404	19,352	19,352	-
1500.52200. FICA/Medicare Employer	194	(7)	187	187	-
	<u>14,142</u>	<u>5,397</u>	<u>19,539</u>	<u>19,539</u>	<u>-</u>
<b>1600-Summer School</b>					
1600.51120. Wages Paid to Instructional Aides	-	2,762	2,762	2,762	-
1600.52200. FICA/Medicare Employer	-	211	211	211	-
CONTINUED	-	2,973	2,973	2,973	-

*See Independent Auditors' Report*

**Town of Sprague, Connecticut**  
**Schedule of Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**General Fund - Board of Education Expenditures**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>1700-Tutoring</b>					
1700.000100.51110. Wages Paid to Teachers- Reg Ed	-	2,925	2,925	2,925	-
1700.000100.51120. Wages Paid to Instructional Aides- Reg Ed	-	-	-	-	-
1700.000100.52200. FICA/Medicare Employer - Reg Ed	-	24	24	24	-
1700.000100.53230. Purchased Pupil Services- Reg Ed	841	149	990	990	-
1700.000200.51110. Wages Paid to Teachers - Spec Ed	-	2,145	2,145	2,145	-
1700.000200.51120. Wages Paid to Instructional Aides- Spec Ed	-	15,080	15,080	15,080	-
1700.000200.52200. FICA/Medicare Employer - Spec Ed	-	1,074	1,074	1,074	-
1700.000200.53230. Purchased Pupil Services- Spec Ed	-	1,635	1,635	1,635	-
	<u>841</u>	<u>23,032</u>	<u>23,873</u>	<u>23,873</u>	<u>-</u>
<b>1800-Stipends - Sports Teams</b>					
1800.51930. Sports Teams Stipends Paid	15,570	(9,794)	5,776	5,776	-
1800.52200. FICA/Medicare Employer	226	(226)	-	-	-
1800.53540. Sports Officials	3,160	549	3,709	3,709	-
	<u>18,956</u>	<u>(9,471)</u>	<u>9,485</u>	<u>9,485</u>	<u>-</u>
<b>2110-Social Work Services</b>					
2110.51900. Wages Paid - Social Worker	55,896	(2,627)	53,269	53,269	-
2110.52100. Group Life Insurance- Social Worker	68	-	68	68	-
2110.52200. FICA/Medicare Employer	1,017	68	1,085	1,085	-
2110.52800. Health Insurance - Social Worker	1,410	-	1,410	1,410	-
2110.56110. Instructional Supplies	169	(169)	-	-	-
	<u>58,560</u>	<u>(2,728)</u>	<u>55,832</u>	<u>55,832</u>	<u>-</u>
<b>2130-Health Office</b>					
2130.51901. Wages Paid - School Nurse	75,655	(1,780)	73,875	73,875	-
2130.51910. Wages Paid- Nurse Substitutes	4,000	133	4,133	4,133	-
2130.51930. Nursing Stipends Paid	1,897	(1,897)	-	-	-
2130.52100. Group Life Insurance- Health Office	137	(69)	68	68	-
2130.52200. FICA/Medicare Employer	7,539	(99)	7,440	7,440	-
2130.52800. Health Insurance- Health Office	35,739	-	35,739	35,739	-
2130.53230. Purchased Pupil Services	720	(720)	-	-	-
2130.53300. Other Prof/Tech Services	450	(450)	-	-	-
2130.54300. Repairs & Maint Equipment	320	(320)	-	-	-
2130.55800. Conference/Travel- Health Office	700	(700)	-	-	-
2130.56100. Supplies	2,000	(885)	1,115	1,115	-
2130.56430. Professional Periodicals	-	69	69	69	-
2130.58100. Dues & Fees	400	-	400	400	-
	<u>129,557</u>	<u>(6,718)</u>	<u>122,839</u>	<u>122,839</u>	<u>-</u>
<b>2140-Psychological Services</b>					
2140.51900. Wages Paid- School Psychologist	48,472	(688)	47,784	47,784	-
2140.52100. Group Life Insurance- Psychologist	68	-	68	68	-
2140.52200. FICA/Medicare Employer	703	4	707	707	-
2140.53230. Purchased Pupil Services	2,000	(2,000)	-	-	-
2140.56100. Assessment Supplies	2,900	(178)	2,722	2,722	-
2140.56110. Instructional Supplies	169	(169)	-	-	-
	<u>54,312</u>	<u>(3,031)</u>	<u>51,281</u>	<u>51,281</u>	<u>-</u>
<b>2150-Speech &amp; Audiology Services</b>					
2150.53230. Purchased Pupil Services	6,601	13	6,614	6,614	-
2150.54300. Equipment Repairs/Maintenance	-	100	100	100	-
2150.56100. Supplies	-	1,024	1,024	1,024	-
	<u>6,601</u>	<u>1,137</u>	<u>7,738</u>	<u>7,738</u>	<u>-</u>
<b>2160-PT/OT Services</b>					
2160.53230. Purchased Pupil Services	22,291	(20,327)	1,964	1,964	-
	<u>22,291</u>	<u>(20,327)</u>	<u>1,964</u>	<u>1,964</u>	<u>-</u>
<b>2210-Improvement of Instruction</b>					
2210.53220. In Service	6,147	(6,307)	(160)	(160)	-
2210.55800. Conference/Travel- Professional Development	8,225	(6,177)	2,048	2,048	-
2210.56100. Supplies	500	(434)	66	66	-
	<u>14,872</u>	<u>(12,918)</u>	<u>1,954</u>	<u>1,954</u>	<u>-</u>

CONTINUED



**Town of Sprague, Connecticut**  
Schedule of Expenditures  
Budget and Actual (Budgetary Basis)  
General Fund - Board of Education Expenditures  
For the Year Ended June 30, 2017

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>2220-Library/Media Services</b>					
2220.51120. Wages Paid to Instructional Aides	17,700	(2,369)	15,331	15,331	-
2220.52100. Group Life Insurance- Library	-	-	-	-	-
2220.52200. FICA/Medicare Employer	1,354	(181)	1,173	1,173	-
2220.56100. Library Supplies	500	(500)	-	-	-
2220.56420. Library Books	1,000	-	1,000	1,000	-
2220.56430. Periodicals	500	(91)	409	409	-
	<u>21,054</u>	<u>(3,141)</u>	<u>17,913</u>	<u>17,913</u>	<u>-</u>
<b>2230-Technology</b>					
2230.51901. Wages Paid -Technology Staff	12,517	71	12,588	12,588	-
2230.52100. Group Life Insurance- Technology	14	-	14	14	-
2230.52200. FICA/Medicare Employer	958	(45)	913	913	-
2230.52300. Pension Contributions -Technology	500	(33)	467	467	-
2230.52800. Health Insurance -Technology	1,927	-	1,927	1,927	-
2230.53520. Other Technical Services	57,430	9,440	66,870	66,870	-
2230.56100. Supplies	-	318	318	318	-
2230.56500. Technology Supplies	2,000	(1,626)	374	374	-
2230.57300. Equipment- Non Instructional	-	-	-	-	-
2230.57340. Technology Hardware - Instructional	7,948	(6,918)	1,030	1,030	-
2230.57341. Technology Hardware - Non-Instructional	12,000	(9,179)	2,821	2,821	-
2230.57350. Software - Instructional	16,200	(6,291)	9,909	9,909	-
2230.57351. Software - Non-Instructional	19,000	3,066	22,066	22,066	-
	<u>130,494</u>	<u>(11,197)</u>	<u>119,297</u>	<u>119,297</u>	<u>-</u>
<b>2310-Board of Education</b>					
2310.51900. Wages Paid- Other Certified Staff	27,320	13,766	41,086	41,086	-
2310.51901. Wages Paid- Non-Certified Staff	10,201	675	10,876	10,876	-
2310.52100. Group Life Insurance- BOE Office	59	(13)	46	46	-
2310.52200. FICA/Medicare Employer- BOE Office	1,176	243	1,419	1,419	-
2310.52300. Pension Contributions- BOE Office	2,408	(1,108)	1,300	1,300	-
2310.52600. Unemployment Compensation- BOE Office	3,000	(3,000)	-	-	-
2310.52700. Workers' Compensation- BOE Office	27,250	(3,155)	24,095	24,095	-
2310.52800. Health Insurance- BOE Office	9,141	(2,466)	6,675	6,675	-
2310.53020. Legal Services- BOE Office	35,000	(18,112)	16,888	16,888	-
2310.53300. Other Prof/Tech Services- BOE Office	-	1,771	1,771	1,771	-
2310.54420. Equipment/Leasing- BOE Office	5,668	(1,135)	4,533	4,533	-
2310.55200. Property/Liability Insurance- BOE Office	21,250	(3,949)	17,301	17,301	-
2310.55301. Postage - BOE Office	200	(200)	-	-	-
2310.55400. Advertising- BOE Office	2,000	(1,732)	268	268	-
2310.55800. Conference/Travel- BOE Office	600	(156)	444	444	-
2310.56100. Supplies- BOE Office	1,000	(205)	795	795	-
2310.58100. Dues & Fees- BOE Office	2,000	(1,365)	635	635	-
2310.58900. Graduation Costs- BOE Office	500	442	942	942	-
	<u>148,773</u>	<u>(19,699)</u>	<u>129,074</u>	<u>129,074</u>	<u>-</u>
<b>2320-Superintendents Office</b>					
2320.51900. Wages Paid - Superintendent	27,320	21,796	49,116	49,116	-
2320.51901. Wages Paid - Non-Certified Staff	10,201	675	10,876	10,876	-
2320.52100. Group Life Insurance- Superintendent Office	59	(23)	36	36	-
2320.52200. FICA/Medicare Employer	1,176	261	1,437	1,437	-
2320.52300. Pension Contributions- Superintendent's Office	2,408	(1,045)	1,363	1,363	-
2320.52800. Health Insurance - Superintendent's Office	9,141	(2,466)	6,675	6,675	-
2320.55800. Conference/Travel - Superintendent's Office	2,400	(1,196)	1,204	1,204	-
2320.56100. Supplies - Superintendent's Office	200	(58)	142	142	-
2320.56430. Periodicals	-	-	-	-	-
2320.58100. Dues & Fees- Superintendent's Office	2,995	372	3,367	3,367	-
	<u>55,900</u>	<u>18,316</u>	<u>74,216</u>	<u>74,216</u>	<u>-</u>

CONTINUED

**Town of Sprague, Connecticut**  
**Schedule of Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**General Fund - Board of Education Expenditures**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>2400-School Administration Office</b>					
2400.51900. Wages Paid- Principal	50,000	58,945	108,945	108,945	-
2400.51901. Wages Paid- Non-Certified Staff	80,487	3,080	83,567	83,567	-
2400.52100. Group Life Insurance- School Administration Office	137	97	234	234	-
2400.52200. FICA/Medicare Employer	6,882	704	7,586	7,586	-
2400.52300. Pension Contributions - School Admin Office	1,855	682	2,537	2,537	-
2400.52800. Health Insurance - School Administration Office	21,048	-	21,048	21,048	-
2400.53300. Other Professional Services	7,820	(7,820)	-	-	-
2400.55301. Postage	400	2,245	2,645	2,645	-
2400.55800. Conference/Travel - School Administration Office	500	438	938	938	-
2400.56100. Supplies	2,000	(581)	1,419	1,419	-
2400.56430. Professional Periodicals	300	(300)	-	-	-
2400.58100. Dues & Fees	300	(240)	60	60	-
	<u>171,729</u>	<u>57,250</u>	<u>228,979</u>	<u>228,979</u>	<u>-</u>
<b>2510-Business Office</b>					
2510.51901. Wages Paid- Non Certified Staff	50,070	22,885	72,955	72,955	-
2510.52100. Group Life Insurance- Business Office	55	(9)	46	46	-
2510.52200. FICA/Medicare Employer	3,830	1,687	5,517	5,517	-
2510.52300. Pension Contributions- Business Office	2,003	(134)	1,869	1,869	-
2510.52800. Health Insurance- Business Office	7,707	-	7,707	7,707	-
2510.53300. Other Professional Services - Business Office	9,098	9,321	18,419	18,419	-
2510.53410. Audit/Accounting Services- Business Office	68,750	(26,152)	42,598	42,598	-
2510.55800. Conference/Travel- Business Office	-	63	63	63	-
2510.56100. Supplies - Business Office	500	(135)	365	365	-
	<u>142,013</u>	<u>7,526</u>	<u>149,539</u>	<u>149,539</u>	<u>-</u>
<b>2600-Building &amp; Grounds</b>					
2600.51901. Wages Paid- Custodial Staff	109,441	2,236	111,677	111,677	-
2600.52100. Group Life Insurance- Maintenance Department	68	69	137	137	-
2600.52200. FICA/Medicare Employer	8,373	7	8,380	8,380	-
2600.52300. Pension Contributions - Maintenance Office	1,553	-	1,553	1,553	-
2600.52800. Health Insurance - Maintenance	19,266	-	19,266	19,266	-
2600.54010. Purchased Property Services	79,811	(53,938)	25,873	25,873	-
2600.54101. Rubbish Removal	5,416	406	5,822	5,822	-
2600.54300. Equipment Repairs & Maint	500	175	675	675	-
2600.54301. Building Repairs & Maint	2,000	9,020	11,020	11,020	-
2600.54411. Water	2,600	34	2,634	2,634	-
2600.54412. Sewer	1,600	154	1,754	1,754	-
2600.55300. Communications - Telephone & Internet	9,180	4,141	13,321	13,321	-
2600.55800. Conference/Travel - Building Maintenance	200	232	432	432	-
2600.56100. General Supplies- Maintenance Department	24,000	(6,264)	17,736	17,736	-
2600.56220. Electricity	70,000	(5,112)	64,888	64,888	-
2600.56230. Liquid Propane	10,000	(3,077)	6,923	6,923	-
2600.56240. Heating Oil	27,355	(266)	27,089	27,089	-
2600.56260. Gasoline	350	(8)	342	342	-
2600.57300. Equipment- Non Instructional	500	(361)	139	139	-
2600.57330. Furniture & Fixtures	1,000	1,617	2,617	2,617	-
	<u>373,213</u>	<u>(50,935)</u>	<u>322,278</u>	<u>322,278</u>	<u>-</u>
<b>2700-Student Transportation</b>					
2700.55100. Contracted Pupil Transp Reg	334,502	9,900	344,402	344,402	-
2700.55108. Contracted Pupil Transp Spec Ed HS	94,018	(45,783)	48,235	48,235	-
2700.55109. Contracted Pupil Transp Spec Ed Elem	2,823	22,168	24,991	24,991	-
2700.55150. Contracted Pupil Transp Athletics/Ext Curr	5,410	(854)	4,556	4,556	-
2700.55151. Contracted Pupil Transp Field Trips	6,184	(3,595)	2,589	2,589	-
2700.56260. Gasoline	39,600	(8,056)	31,544	31,544	-
	<u>482,537</u>	<u>(26,220)</u>	<u>456,317</u>	<u>456,317</u>	<u>-</u>

CONTINUED

**Town of Sprague, Connecticut**  
**Schedule of Expenditures**  
**Budget and Actual (Budgetary Basis)**  
**General Fund - Board of Education Expenditures**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
<b>6000-HS Tuition</b>					
6000.000100.55610. Tuition- HS Regular Ed- public schools	1,118,532	72,087	1,190,619	1,190,619	-
6000.000200.55610. Tuition- HS Special Ed- public schools	446,125	(70,394)	375,731	375,731	-
6000.000200.55630. Tuition- HS Special Ed- private schools	148,412	(8,978)	139,434	139,434	-
	<u>1,713,069</u>	<u>(7,285)</u>	<u>1,705,784</u>	<u>1,705,784</u>	<u>-</u>
<b>6100-Elementary Tuition</b>					
6100.55631. Tuition - Elem Special Ed - private schools	-	25,000	25,000	25,000	-
6100.55660. Tuition- Elem Magnet Schools	13,737	93,978	107,715	107,715	-
	<u>13,737</u>	<u>118,978</u>	<u>132,715</u>	<u>132,715</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 6,123,747</u>	<u>\$ 107,753</u>	<u>\$ 6,231,500</u>	<u>\$ 6,231,500</u>	<u>\$ -</u>

*See Independent Auditors' Report*

# **FEDERAL SINGLE AUDIT REPORTS**

**FEDERAL INTERNAL CONTROL  
AND COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' 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 of  
Town of Sprague, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 12, 2018.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of federal findings and questioned costs that we consider to be material weaknesses as items MW-2017-001, MW-2017-002, MW-2017-003, MW-2017-004, MW-2015-003, MW-2015-004, and MW-2013-001.

## **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 determination of financial statement amounts. 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*.

## **TOWN'S RESPONSE TO FINDINGS**

The Town's response to the findings identified in our audit is described in the accompanying schedule of federal findings and questioned costs. We did not audit the Town's response, and, accordingly, we express no opinion on it.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Hoyt, Filippetti & Malachuk, LLC*

Groton, Connecticut

February 12, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Finance of  
Town of Sprague, Connecticut

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

We have audited Town of Sprague, Connecticut's (the 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, 2017. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



## **OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

## **REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 12, 2018, 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 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.

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

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

February 12, 2018

**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Grantor; Pass-through Grantor; Program Title; Description</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
<b>Indirect:</b>		
Passed through the State of Connecticut Department of Transportation:		
Comprehensive DUI Enforcement	20.607	\$ 15,468
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	45,438
Total U.S. Department of Transportation		<u>60,906</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
<b>Indirect:</b>		
Passed through the State of Connecticut Department of Emergency Services and Public Protection	97.042	2,544
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Rural Education Achievement Program (REAP)	84.358	54,364
<b>Indirect:</b>		
Passed through the State of Connecticut Department of Education		
Title I, Improving Basic Programs	84.010	107,311
Title II, Improving Teacher Quality	84.367	36,167
IDEA, Part B, Section 611	84.027	156,442
IDEA Part B, Section 619 - Preschool	84.173	12,137
School Breakfast Program	10.553	22,427
National School Lunch Program	10.555	71,989
Total U.S. Department of Education		<u>460,837</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Direct:</b>		
Community Facilities Loans and Grants	10.766	18,139
Technical Assistance and Training Grants	10.761	30,000
<b>Indirect:</b>		
Passed through the State of Connecticut Department of Education		
Summer Electronic Benefit Transfer for Children	10.559	796
Passed through the Baltic Fire Department		
Cooperative Forestry Assistance	10.664	3,000
		<u>51,935</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Indirect:</b>		
Passed through the State of Connecticut Department of Housing	14.228	437,178
		<u>437,178</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 1,013,400</u>

*The accompanying notes are an integral part of this schedule.*

**TOWN OF SPRAGUE, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2017**

**NOTE A - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to state and local governments.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

Town of Sprague, Connecticut has not elected to use the 10% de Minimis indirect cost rate.

**SCHEDULE OF FEDERAL FINDINGS  
AND QUESTIONED COSTS**

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

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

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_\_\_  Yes      \_\_\_\_\_  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>	<u>Federal Assistance</u>
14.228	U.S. Department of Housing and Urban Development – Community Development Block Grant	\$437,178	\$437,178

Auditee qualified as low-risk auditee? \_\_\_\_\_  Yes      \_\_\_\_\_  No

Dollar threshold used to distinguish between Type A and Type B program: \$750,000

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT  
AUDITING STANDARDS***

- We issued a report dated February 12, 2018 on compliance and on internal control over financial reporting based on an 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 disclosed the following material weaknesses:

**MW-2017-001 – RECONCILIATION OF BOARD OF EDUCATION EXPENDITURES**

Presently the Town and Board of Education reconcile individual check runs deposits with each other, but do not reconcile cumulative Board of Education expenditure balances. Because ending balances (monthly, yearly, or otherwise) were not reconciled between the Town's and Board of Education's accounting systems, other transactions were posted within the Board of Education accounting system without notice. Such transactions included recording of payroll runs twice in the software, over-allocations of expenditures from the General Fund to the Education Grant Fund, and duplicate recording of certain insurance reimbursements from retirees.

*Recommendation:* We recommend the Town and the Board of Education reconcile not only the individual transactions, but also the cumulative ending balances of the Board of Education expenditures. This will allow for timely discovery of erroneous transaction postings, both current and backdated.

*Management response:* The Town and Board of Education will reconcile the previous month's education expenditures by the 15<sup>th</sup> of each month. Additionally, the Town and Board of Education will reconcile the cumulative education expenditures on a quarterly basis to ensure both are in balance with each other.

**MW-2017-002 – GENERAL LEDGER SYSTEMS FOR ALL FUNDS**

For the year ended June 30, 2017, the following funds of the Town of Sprague were not being maintained in a general ledger system, as such, there were no readily available integrated reports available to report the financial activities of the funds during the fiscal year or the ending balances at fiscal year-end:

- 1) Child Nutrition Fund (Special Revenue Fund)
- 2) School Fund (Special Revenue Fund)
- 3) Student Activity Fund (Agency Fund)
- 4) Parent Teachers Organization Fund (Agency Fund)

*Recommendation:* All funds within the Town of Sprague should be managed in general ledger system for ease of timely reporting and account reconciliation.

*Management response:* The Board of Education is now tracking and reconciling all accounts associated with its Federal ID Number.



**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED GOVERNMENT  
AUDITING STANDARDS (Continued)**

**MW-2017-003 – INCOMPLETE FINANCIAL REPORTING**

During our audit testing, management discovered an additional Board of Education bank account (the Parent Teachers Organization account) which had not previously been reported in the basic financial statements of the Town of Sprague.

*Recommendation:* Management should monitor and account for all bank accounts of the Town of Sprague and include them in the appropriate funds in the Town’s financial statements.

*Management response:* The Board of Education is now tracking and reconciling all accounts associated with its Federal ID Number.

**MW-2017-004 – FINANCIAL STATEMENT ADJUSTMENTS**

During our audit testing, the following material adjustments were required to be made to the Town’s financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America:

- 1) General Fund/GWS – Accrued Payroll (BOE) \$23,994
- 2) General Fund/Education Grants Fund – Due to/Due from Education Grants/General Fund \$85,253
- 3) Education Grants Fund/GWS – Unearned Revenues \$87,600

*Recommendation:* Management should ensure that all material general ledger accounts are reviewed and adjusted accordingly.

*Management response:* Corrections made as recommended. The Board of Education will close the grant checking account and transfer the funds to the Town’s general fund checking account. The Board of Education and the Town will now reconcile individual transactions and cumulative ending balances of all material general ledger accounts.

**MW-2015-003 – INFORMATION AND COMMUNICATION – POLICY AND  
PROCEDURE MANUAL (Repeat finding)**

Complete, written policies and procedures manuals have not been documented of all the internal control processes in the Town.

*Recommendation:* All individuals involved in Town management and governance should understand their fiduciary responsibilities for Information and Communication under the integrated framework. A joint effort to meet these responsibilities should be commenced. Once risk is assessed and control activities are established, relevant and quality information should be documented to support the other components of internal control. A policies and procedures manual would facilitate this as an accessible resource. This manual would address and serve as a source of documentation for all policies and procedures including those internal control weaknesses previously mentioned.

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED GOVERNMENT  
AUDITING STANDARDS (Continued)**

**MW-2015-003 – INFORMATION AND COMMUNICATION – POLICY AND  
PROCEDURE MANUAL (Repeat finding) (Continued)**

*Management response:* The Town continues to work on a manual documenting all policies and procedures that are in place for each position. Once completed, all policies and procedures will be reviewed and signed off by employees. The Town anticipates the manual to be completed by fiscal year ended 2018.

**MW-2015-004 – MONITORING ACTIVITIES  
(Repeat finding)**

Monitoring Activities consist of the ongoing evaluations, separate evaluations, or some combination of the two, which are used to ascertain whether each of the five components of internal control, is present and functioning. The Town has not established any monitoring activities over the controls that are currently in place. As an example, unbeknownst to the management, Board of Education expenditures for the year ended June 30, 2017 were in excess of budget by approximately \$91,000 because there were no Monitoring Activities established to ensure the Town and Board of Education had reconciled total expenditures and therefore were using inaccurate budget to actual reports.

*Recommendation:* All individuals involved in Town management should understand their fiduciary responsibilities for Monitoring Activities. A joint effort to meet these responsibilities should be commenced.

*Management response:* Town Management and the Board of Finance are continuously monitoring the policies and procedures in place to ensure the lowest amount of risk. In fiscal year 2018, Town Management, the Board of Education, and the Board of Finance will hold discussions and continue to brainstorm additional ways to monitor activities and ensure the lowest amount of risk possible.

**MW-2013-001 – INTERNAL CONTROL WEAKNESS – WATER & SEWER AUTHORITY  
(Repeat Finding)**

The administrative operations of the water and sewer authority lack an appropriate segregation of duties. The Administrative Assistant prepares and sends all customer billings; handles all collection efforts; receives funds and prepares and makes all deposits; posts all transactions in the accounting system; prepares payroll transactions, and is also a check signer on the account.

*Recommendation:* Duties within the water and sewer authority should be segregated such that no one individual has both custody and record keeping responsibilities.

*Management response:* The Water and Sewer Authority continues to have an ongoing program with a local bank to accept and deposit payments on the Authority's behalf. The Authority also contracts with a local attorney to handle collection efforts related to delinquent accounts and foreclosures. Monthly review of bank reconciliations, cash disbursements, delinquent accounts and collection efforts are performed by the Authority's Board Members, in conjunction with the Board of Finance, and are documented in the monthly meeting minutes.

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT  
AUDITING STANDARDS (Continued)***

**MW-2013-001 – INTERNAL CONTROL WEAKNESS – WATER & SEWER AUTHORITY  
(Repeat Finding) (Continued)**

*Management response: (Continued)*

The Land Use Secretary, a Town employee outside of the Authority, performs monthly bank reconciliations and processes and mails delinquent statements. The Authority continues to use an outside payroll processing company, to process payroll transactions for all employees.

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND  
QUESTIONED COSTS**

- There were no findings or questioned costs reported.

**SECTION IV – SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR  
AUDIT FINDINGS**

The following prior year audit findings have been repeated this year:

**MW-2015-003 – INFORMATION AND COMMUNICATION – POLICY AND  
PROCEDURE MANUAL**

**MW-2015-004 – MONITORING ACTIVITIES**

The following prior year audit findings have been resolved:

**MW-2016-001 – INTERNAL CONTROL - WEAKNESS BOARD OF EDUCATION DEPOSITS**

**ME-2016-002 – STATE SINGLE AUDIT – CONTROL WEAKNESSES – SCHOOL READINESS GRANT**

# **STATE SINGLE AUDIT REPORTS**

**STATE INTERNAL CONTROL AND  
COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' 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 of  
Town of Sprague, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 12, 2018.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule state of findings and questioned costs that we consider to be material weaknesses as items MW-2017-001, MW-2017-002, MW-2017-003, MW-2017-004, MW-2015-003, MW-2015-004, and MW-2013-001.

## **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 determination of financial statement amounts. 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*.

## **TOWN'S RESPONSE TO FINDINGS**

The Town's response to the findings identified in our audit is described in the accompanying schedule of state findings and questioned costs. We did not audit the Town's response, and, accordingly, we express no opinion on it.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

February 12, 2018

**INDEPENDENT AUDITORS' 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 of  
Town of Sprague, Connecticut

**REPORT COMPLIANCE FOR EACH MAJOR STATE PROGRAM**

We have audited Town of Sprague, Connecticut's (the Town) compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2017. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

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

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



## **OPINION ON EACH MAJOR STATE PROGRAM**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

## **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, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 12, 2018, 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.

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.

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

February 12, 2018

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE**

**TOWN OF SPRAGUE, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
<b>NONEXEMPT PROGRAMS</b>		
<b>CONNECTICUT STATE LIBRARY</b>		
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 4,000
<b>DEPARTMENT OF TRANSPORTATION</b>		
Bus Operations	12001-DOT57931-12175	8,544
Town Aid Road Grants Transportation Program	13033-DOT57131-43455	151,416
Fees and Permits	12062-DOT57124-22108	81
Right of Way	12062-DOT57125-22108	5,140
Total Department of Transportation		<u>165,181</u>
<b>DEPARTMENT OF JUSTICE</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	2,175
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Reimbursement to Towns - Tax Loss on State Owned	11000-OPM20600-17004	366
Reimbursement of Property Tax - Disability Exempt	11000-OPM20600-17011	321
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	8,965
Property Tax Relief for Veterans	11000-OPM20600-17024	2,712
Inter-Town Capital Equipment Purchase	12052-OPM20600-43515	269,622
Municipal Purposes and Projects	12052-OPM20600-43587	386,528
Total Office of Policy and Management		<u>668,514</u>
<b>DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION</b>		
Protected Open Space and Watershed Land Acquisition	12052-DEP43000-OSWA-483	180,000
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
Baltic Mill Remediation Grant	20171330021090001A	34,092
<b>OFFICE OF EARLY CHILDHOOD</b>		
School Readiness	11000-OEC64845-16274	141,750
School Readiness Quality Enhancement	11000-OEC64845-17097	3,881
Total Office of Early Childhood		<u>145,631</u>
<b>DEPARTMENT OF EDUCATION</b>		
Early Childhood Minor Capital	12052-SDE64370-43540	2,250
Child Nutrition State Match	11000-SDE64370-16211	1,801
Health Foods Initiative	11000-SDE64370-16212	3,652
Adult Education	11000-SDE64370-17030	16,308
Health and Welfare - Private School Pupil	11000-SDE64370-17034	20,957
School Breakfast Program	11000-SDE64370-17046	2,891
Magnet Schools	11000-SDE64370-17057	20,800
Total Department of Education		<u>68,659</u>
<b>Total State Financial Assistance before Exempt Programs</b>		<u>1,268,252</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Education Cost Sharing	11000-SDE64370-17041	2,636,779
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	65,214
Total Department of Education		<u>2,701,993</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Municipal Revenue Sharing	12002-OPM20600-17102	89,456
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	26,245
Total Office of Policy and Management		<u>115,701</u>
<b>Total Exempt Programs</b>		<u>2,817,694</u>
<b>Total State Financial Assistance</b>		<u>\$ 4,085,946</u>

*The accompanying notes are an integral part of this schedule*

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
JUNE 30, 2017**

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

**GENERAL**

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Sprague, Connecticut (the Town) under programs of the State of Connecticut for the fiscal year ended June 30, 2017. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

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.

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**TOWN OF SPRAGUE, CONNECTICUT  
NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
JUNE 30, 2017**

**NOTE 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 loan program activity for the year ended June 30, 2017:

**Department of Energy and Environmental Protection:** Clean Water Funds (21015-DEP43720-42318)

<u>Project</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>	<u>Loan Proceeds</u>	<u>Loan Repayments</u>	<u>Balance June 30, 2017</u>
564-CSL	7/31/2014	2%	\$ 775,645	\$ 701,945	\$ -	\$ (32,910)	\$ 669,035

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ✓ Yes            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

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

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

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

<u>State Grantor/Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Office of Policy and Management</b>		
Inter-Town Capital Equipment (ICE)		
Purchase Incentive Program	12052-OPM20600-43515	\$ 269,622
Municipal Grants-In-Aid	12052-OPM20600-43587	386,528
<b>Department of Energy and Environmental Protection</b>		
Protected Open Space and Watershed		
Land Acquisition Grant Program	12052-DEP43000-OSWA-483	180,000

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT AUDITING  
STANDARDS***

- We issued a report dated February 12, 2018 on compliance and on internal control over financial reporting based on an 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 disclosed the following material weaknesses:

**MW-2017-001 – RECONCILIATION OF BOARD OF EDUCATION EXPENDITURES**

Presently the Town and Board of Education reconcile individual check runs deposits with each other, but do not reconcile cumulative Board of Education expenditure balances. Because ending balances (monthly, yearly, or otherwise) were not reconciled between the Town's and Board of Education accounting systems, other transactions were posted within the Board of Education accounting system without notice. Such transactions included recording of payroll runs twice in the software, over-allocations of expenditures from the General Fund to the Education Grant Fund, and duplicate recording of certain insurance reimbursements from retirees.

*Recommendation:* We recommend the Town and the Board of Education reconcile not only the individual transactions, but also the cumulative ending balances of the Board of Education expenditures. This will allow for timely discovery of erroneous transaction postings, both current and backdated.

*Management response:* The Town and Board of Education will reconcile the previous month's education expenditures by the 15<sup>th</sup> of each month. Additionally, the Town and Board of Education will reconcile the cumulative education expenditures on a quarterly basis to ensure both are in balance with each other.

**MW-2017-002 – GENERAL LEDGER SYSTEMS FOR ALL FUNDS**

For the year ended June 30, 2017, the following funds of the Town of Sprague were not being maintained in a general ledger system, as such, there were no readily available integrated reports available to report the financial activities of the funds during the fiscal year or the ending balances at fiscal year-end:

- 1) Child Nutrition Fund (Special Revenue Fund)
- 2) School Fund (Special Revenue Fund)
- 3) Student Activity Fund (Agency Fund)
- 4) Parent Teachers Organization Fund (Agency Fund)

*Recommendation:* All funds within the Town of Sprague should be managed in general ledger system for ease of timely reporting and account reconciliation.

*Management response:* The Board of Education is now tracking and reconciling all accounts associated with its Federal ID Number.



**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT AUDITING  
STANDARDS (Continued)***

**MW-2017-003 – INCOMPLETE FINANCIAL REPORTING**

During our audit testing, management discovered an additional Board of Education bank account (the Parent Teachers Organization account) which had not previously been reported in the basic financial statements of the Town of Sprague.

*Recommendation:* Management should monitor and account for all bank accounts of the Town of Sprague and include them in the appropriate funds in the Town's financial statements.

*Management response:* The Board of Education is now tracking and reconciling all accounts associated with its Federal ID Number.

**MW-2017-004 – FINANCIAL STATEMENT ADJUSTMENTS**

During our audit testing, the following material adjustments were required to be made to the Town's financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America:

- 1) General Fund/GWS – Accrued Payroll (BOE) \$23,994
- 2) General Fund/Education Grants Fund – Due to/Due from Education Grants/General Fund \$85,253
- 3) Education Grants Fund/GWS – Unearned Revenues \$87,600

*Recommendation:* Management should ensure that all material general ledger accounts are reviewed and adjusted accordingly.

*Management response:* Corrections made as recommended. The Board of Education will close the grant checking account and transfer the funds to the Town's general fund checking account. The Board of Education and the Town will now reconcile individual transactions and cumulative ending balances of all material general ledger accounts.

**MW-2015-003 – INFORMATION AND COMMUNICATION – POLICY AND  
PROCEDURE MANUAL (Repeat Finding)**

Complete, written policies and procedures manuals have not been documented of all the internal control processes in the Town.

*Recommendation:* All individuals involved in Town management and governance should understand their fiduciary responsibilities for Information and Communication under the integrated framework. A joint effort to meet these responsibilities should be commenced. Once risk is assessed and control activities are established, relevant and quality information should be documented to support the other components of internal control. A policies and procedures manual would facilitate this as an accessible resource. This manual would address and serve as a source of documentation for all policies and procedures including those internal control weaknesses previously mentioned.

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT AUDITING  
STANDARDS (Continued)***

**MW-2015-003 – INFORMATION AND COMMUNICATION – POLICY AND  
PROCEDURE MANUAL (Repeat finding) (Continued)**

*Management response:* The Town continues to work on a manual documenting all policies and procedures that are in place for each position. Once completed, all policies and procedures will be reviewed and signed off by employees. The Town anticipates the manual to be completed by fiscal year ended 2018.

**MW-2015-004 – MONITORING ACTIVITIES  
(Repeat Finding)**

Monitoring Activities consist of the ongoing evaluations, separate evaluations, or some combination of the two, which are used to ascertain whether each of the five components of internal control, is present and functioning. The Town has not established any monitoring activities over the controls that are currently in place. As an example, unbeknownst to the management, Board of Education expenditures for the year ended June 30, 2017 were in excess of budget by approximately \$91,000 because there were no Monitoring Activities established to ensure the Town and Board of Education had reconciled total expenditures and therefore were using inaccurate budget to actual reports.

*Recommendation:* All individuals involved in Town management should understand their fiduciary responsibilities for Monitoring Activities. A joint effort to meet these responsibilities should be commenced.

*Management response:* Town Management and the Board of Finance are continuously monitoring the policies and procedures in place to ensure the lowest amount of risk. In fiscal year 2018, Town Management, the Board of Education, and the Board of Finance will hold discussions and continue to brainstorm additional ways to monitor activities and ensure the lowest amount of risk possible.

**MW-2013-001 – INTERNAL CONTROL WEAKNESS – WATER & SEWER AUTHORITY (Repeat  
Finding)**

The administrative operations of the water and sewer authority lack an appropriate segregation of duties. The Administrative Assistant prepares and sends all customer billings; handles all collection efforts; receives funds and prepares and makes all deposits; posts all transactions in the accounting system; prepares payroll transactions, and is also a check signer on the account.

*Recommendation:* Duties within the water and sewer authority should be segregated such that no one individual has both custody and record keeping responsibilities.

*Management response:* The Water and Sewer Authority continues to have an ongoing program with a local bank to accept and deposit payments on the Authority's behalf. The Authority also contracts with a local attorney to handle collection efforts related to delinquent accounts and foreclosures. Monthly review of bank reconciliations, cash disbursements, delinquent accounts and collection efforts are performed by the Authority's Board Members, in conjunction with the Board of Finance, and are documented in the monthly meeting minutes. The Land Use Secretary, a Town employee outside of the Authority, performs monthly bank reconciliations and processes and mails delinquent statements. The Authority continues to use an outside payroll processing company, to process payroll transactions for all employees.

**TOWN OF SPRAGUE, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

- There were no findings or questioned costs reported.

**SECTION IV – SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS**

The following prior year audit findings have been repeated this year:

**MW-2015-003 – INFORMATION AND COMMUNICATION – POLICY AND PROCEDURE MANUAL**

**MW-2015-004 – MONITORING ACTIVITIES**

The following prior year audit findings have been resolved:

**MW-2016-001 – INTERNAL CONTROL - WEAKNESS BOARD OF EDUCATION DEPOSITS**

**ME-2016-002 – STATE SINGLE AUDIT – CONTROL WEAKNESSES – SCHOOL READINESS GRANT**