



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

December 3, 2018

Catherine Osten
First Selectman
Town of Sprague
1 Main Street
Baltic, CT 06330

Dear First Selectman Osten:

A handwritten signature in blue ink that reads "Cathy".

I am in receipt of your letter of November 19 applying for Tier II under the Municipal Accountability Review Board statutes. I accept your community's application, and hereby refer you to the MARB as a Tier II municipality.

We have also received a draft five-year plan from you, and have met with Office of Policy and Management (OPM) staff to offer suggestions and to ask questions about that plan. I believe that our mutual expectation is that Sprague will provide a five year plan to the MARB for review in the coming weeks once several issues are resolved. In addition, you indicated that you expect draft audited financials for FY 2018 will be available in early December, and that you will meet the statutory December 31 deadline for final audited financial statements.

For the benefit of MARB, it is helpful to briefly summarize Sprague's issues. Sprague's Board of Education overspent their FY2018 budget by an amount exceeding 10% of their annual budget. This had the effect of depleting the towns fund balance, and leaving them on July 1, 2018, with a large negative fund balance. While you have identified some one-time revenues to offset the prior year overspending, these will not be enough to satisfy the negative fund balance before June 30, 2019. The town's plan will include measures to restore the town's fund balance to an appropriate level within the five-year period, but will request municipal restructuring funds to bring that balance up to zero during this current year. The amount of that request is still being finalized based on the completion of the audit and the plan, but is estimated now to be in the range of \$600-\$800,000.

We anticipate that these matters will be before the MARB at their January meeting.

Thank you for your diligent efforts to provide OPM with detailed information and a well-advanced draft plan. We look forward to working with you and hope that Sprague's experience with MARB is a benefit to the town and its residents.

Kind Regards,

A handwritten signature in blue ink that reads "Ben Barnes".

Ben Barnes,
Secretary

c: Robert Dakers, OPM

Alison Fisher, OPM
Deputy Secretary Susan Weisselberg, OPM
MaryAnn Palmarozza, OPM
Julian Freund, OPM
Hon. Denise Nappier, Co-Chairperson, MARB
Lawrence Wilson, MARB
Thomas Hamilton, MARB
Commissioner Scott Jackson, MARB
Mark D. Waxenberg, MARB
Patrick J. Egan, MARB
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