



# Town of Sprague

Cheryl A. Blanchard  
*First Selectman*

February 14, 2024

Secretary Jeffrey R. Beckham  
Office of Policy and Management  
450 Capitol Avenue  
Hartford, CT 06106

Treasurer Erick Russell  
Office of the State Treasurer  
165 Capitol Avenue, 2<sup>nd</sup> Floor  
Hartford, CT 06106

Re: Town of Sprague

Dear Secretary Beckham, Treasurer Russell & MARB Board Members,

In the years since the Town of Sprague was first designated as a Tier II municipality under the supervision of the Municipal Accountability Review Board (MARB), the financial position of the Town has improved considerably. This improvement is due to many factors, including the valuable assistance and guidance received from the MARB, an excellent partnership and cooperation with the Board of Education, careful teamwork with Town boards and agencies, and a commitment to fiscally responsible budgeting and management. Sprague continues to face challenges, partially due to a dearth of businesses, which causes us to rely primarily on residential properties as our tax base. This will be an area that we will have to continue to assess and evaluate annually.

With the recent issuance of Sprague's FY2023 Audited Financial Statements, I am writing today to communicate two requests.

1. I would like to request a release from MARB Tier II designation. Following is my rationale for the request.

During the last four years, I have appreciated the opportunity to review our financial position and progress with the MARB. I believe that I, as well as Sprague, have and will continue to benefit from the guidance and oversight that the MARB process has provided. The often thought-provoking questions have caused us to dig deeper and think harder about our financial processes and policies.

Throughout the period of designation as a Tier II municipality, Sprague has provided our financial statements monthly and submitted for MARB approval a Five-year financial plan, updated annually. We have brought our General Fund balance from a deficit of \$1,084,244 as of June 30, 2018 to a positive balance of \$1,187,760 as of June 30, 2023. Additionally, we have brought our Capital Non-Recurring balance from a deficit of \$358,530 as of June 30, 2018 to a small deficit position of \$30,469 as of June 30, 2023, which represents pending reimbursement from a school construction project and a brownfield cleanup project. This has been accomplished by consistently utilizing surplus budgeting in our annual budget process and creating and following strong financial Policies and Procedures.

At the time Sprague entered Tier II designation, our Moody's bond rating had been downgraded to Baa3. In August of 2023, Moody's upgraded Sprague to Baa2 stable, citing improved management practices and adherence to MARB recommendations. However, Moody's also indicated two factors that could lead to a downgrade of the ratings with one being a deterioration of reserves and liquidity and the other being a contraction of local economy and/or resident incomes.

2. I would like to request a waiver of the repayment of the MARB Restructuring Loan of which Sprague utilized \$500,000.

It has taken Sprague over four years to recover the General Fund and Capital Non-Recurring fund deficits. In order to position Sprague to maintain financial security, we will need to continue to build up a reserve for the Town's development. During this recent period of financial hardship, the taxpayers of Sprague have borne the burden of increased taxes and reduced services. Relief from the repayment obligation would allow the Town to maintain its current increased cash position and preserve the Town's healthy fund balances. Additionally, receiving a waiver from the repayment would provide a level of confidence to Sprague's residents in the Town's management and various Boards regarding their ability to budget prudently and continue the positive momentum towards a strong financial future for the Town of Sprague.

In summary, I believe Sprague has made substantial improvement in its financial condition and has laid the groundwork and adopted the policies to continue moving forward as a financially stable municipality. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, reading "Cheryl A. Blanchard". The signature is written in a cursive, flowing style.

Cheryl A. Blanchard  
First Selectman