

Testimony in support of SB 418 March 11, 2016 Hartford

My name is John Hodge and I am a former First Selectman of New Fairfield and a current member of the Candlewood Lake Authority (CLA). I am here today to support SB 418 - an act requiring lake authorities to comply with certain municipal budget standards. In my capacity as delegate to the Candlewood Lake Authority I have witnessed a systematic and chronic overspending of approved budget expenditures by the Authority for at least the past seven years. In each of the seven years the CLA spent more money than it had budgeted. As you know, Connecticut General Statute 7-348 specifically prohibits such a practice. It states, "No officer of such town shall expend or enter into any contract by which the town shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department ..." During the period of June 30, 2008 through June 30, 2015 the CLA has been spending an average of \$36,484 more per year than it receives in revenue per year. On June 30, 2008 the CLA had \$270,871 in their fund balance. By June 30, 2015 this had been reduced by \$255,391 to \$15,480. This is not sustainable and, if the past repeats itself in the next fiscal year, they should be out of resources right about now as the \$15,480 fund balance would cover less than half of the average deficit that they have incurred over the past seven years.

Unfortunately the story told by the audited financial statements gets worse. The CLA has not only spent their operating money (unrestricted fund balance) but they have spent that which was restricted (from donors or grantors) on the budget short falls as well. The donor or grantor money is no longer available to use for the purposes for which it was received.

At virtually every point, when the financial deficiencies have been brought to the attention of the CLA Board, I/we have been told that the CLA is not a municipality and that they do not have to adhere to municipal budgeting standards. While the enabling statute that established lake authorities provides a formula for the establishment of a yearly budget by the member towns, it does not prescribe how the monies should be expended in the same manner as 7-348 does for municipalities, thus potentially leaving a loophole, which is currently being exploited by CLA management.

If, in fact, lake authorities spend in excess of their budgets, the member municipalities will become liable for such expenses which will place an unfair burden on taxpayers who never had the opportunity to vote on excess spending.

I urge you to pass SB 418 so that the laws and regulations regarding budgeting and spending are crystal clear to lake authorities throughout Connecticut.

I am going to suggest that there be the following amendment or modification to the bill:

Section 1. Section 7 - 151a of the general statutes is amended by adding subsection (f) as follows:

(Effective January 1, 2017) (NEW) (f) Any lake authority established pursuant to this section having estimated revenues or expenses for the ensuing fiscal year in excess of two hundred fifty thousand dollars shall comply with the appropriations, laying of tax and tax apportionment provisions of chapter 106 of the general statutes from each of its member towns.

Thank you for the opportunity to comment on this bill.