

# Planning and Development Committee

March 11, 2016

Testimony Submitted by Phyllis Schaer, Town of Sherman Resident, Candlewood Lake Authority (CLA) delegate representing the Town of Sherman and Chairman of Board of CLA

Raised S.B. 418 - AN ACT REQUIRING LAKE AUTHORITIES TO COMPLY WITH CERTAIN MUNICIPAL BUDGET STANDARDS

**Dear Co-Chairs Sen. Olsen and Rep. Miller, Vice Chairs Sen. Cassano and Rep. D'Agostino, Ranking Members Sen. Linares and Rep. Aman, and other members of the Planning and Development Committee:**

Since 2008 I have served in a volunteer capacity on The Candlewood Lake Authority (CLA) the largest lake authority in the State of Connecticut under Section 7-151a of the General Statutes. I am both a resident and stakeholder on matters pertaining to Candlewood Lake as a member of the lake community. I am prevented from personally attending this Public Hearing as I am recuperating from extensive ankle reconstruction surgery and unable to make the trip or endure weight bearing at this time.

Our work on providing both public safety and environmental management on Connecticut's largest lake has been exemplary and award winning. We are listed in the FERC approved Shoreline Management Plan as consulting Agency with the task of representing and protecting the interests of the 5 member municipalities, citizens and stakeholders that border Candlewood Lake.

We perform these services pursuant to the revenue that is provided by our member municipalities. Our budget is submitted and approved by our member municipalities on an annual basis and an independent audit is provided yearly to our constituents. This has been the accounting and reporting process and procedure since the inception of the CLA.

I wholeheartedly support transparency in accounting and budgeting and have carefully worked closely the past 2 years with receptive municipal leaders and staff to improve and clarify our operational budget and fiscal planning to comply with accepted accounting standards. We have made significant changes and improvements with their positive input.

I am at a loss to understand the benefits of the proposed S.B.418 and how that would improve the operations and budgeting process for a Lake Authority that acts as an advising agency for the 5 member towns we represent. All budget appropriations we submit must be approved individually by the 5 member towns and then averaged out....adopting the average of the 3 highest approved budgets.

Any proposed act affects all member municipalities, as well as our operations, as to costs incurred and appropriateness of application. The proposed S.B. No 418 is vague at best, and needs further clarification and modification to properly evaluate its worth and consider applicable.

I voice the following concerns related to a report written by the Town of New Fairfield's auditor at their request and influencing the position and comments of Senator McLachlan's, comments based on a seven year audit review by NF auditor:

- **Misleading Statement #1** – The opinions expressed by outside auditor were done without consideration, or acknowledgement of existing available contingency fund balances that offset year end unassigned expenses.
- **Misleading Statement #2** – The opinions presented by New Fairfield auditor report contains incomplete, biased budgetary comments. Most importantly the report omits the cause of the current negative unassigned still carried over in our Budget, which is a result of an unfunded expenses mandated by member municipalities in mid budget

year for increased Liability Insurance to match municipality limits and legal fees to create a municipally approved Memorandum of Understanding between DEEP and CLA member towns for Marine Patrol operation and supervision. The CLA tried to step up and cover these unanticipated cost through our fundraising efforts.

- Proposal and justification for action clearly based on misleading partial data provided by outside accounting firm unfamiliar with our operations and the biased opinions of one member town with conflict of interest issues.
- Proposed without prior advanced notice or consultation of other member municipalities involved.
- Proposal based on inflammatory actions of one CLA delegate, and perhaps well-intended Senator without prior consultation with CLA, parties involved to determine merit.
- No Due Diligence discussion with Board Members, affected Lake Authorities, or consultation with our contracted Auditors of record.
- Insufficient prior notice to all parties involved to adequately represent themselves or provide meaningful input.

**REQUEST for DISMISSAL-- I request this flawed SB No. 418 be rejected in entirety.**

Raised S.B. No. 418 in its current presentation is restrictive and imposes undue additional expense on Lake Authority budgets, without any enabling provisions for the same protections and standards afforded MUNICIPALITIES to achieve a balanced budget or cope with emergency expenses. Request Dismissal on following grounds:

- Only “certain” restrictive standards are referenced...without explanation or clarification.
- This bill, as proposed, is NOT a balanced application that includes both the funding powers and reporting requirements as referenced in the full established municipal Appropriation Process
- No ability afforded to raise additional funds to address Emergency funding requirements, or establish and fund a Contingency fund for unanticipated budget year expenses and capital non-recurring funds.
- Language used is unclear as to what the “Certain Municipal Budget Standards” are being applied.
- **Raised S.B. No. 418** - Does NOT provide equal power or protection to Lake Authorities that are provided in full to true municipalities.

**CONFLICT OF INTENT AND APPLICATION-** This is an arbitrary and capricious request; a rush to judgement that is inappropriate as related to our established organization and current funding structure. This proposal attempts to restrict operations and funding options without recourse or establishment of any vehicle to cover unanticipated non-recurring expenses or to raise emergency funds, whether by levy of taxes or special appropriations, or authority to hold town meetings or initiate a public legal voting process for approval of such emergency funding.

**Again as noted, the CLA has worked closely with supportive member towns to revised and clarify our budget process and obtained a legal determination letter regarding releasing of reserve funds.** A detailed review was begun 2 years ago to identify all operational expenses and build a revised budget based on actual cost. This was done in under advisement and conjunction with the input and financial advice from the towns of Sherman, Brookfield and New Milford and addressing desire to resolve and close the door on our negative unassigned balance. **We have already begun discussion with supportive member towns for a shared approach to completely resolve the unanticipated expense carried on our books and covered by the CLA in an effort to comply with unbudgeted, unanticipated municipal requirements imposed during a recessionary budget cycle. No supplemental appropriation was offered or available at that time to offset these expenses. We continue to fundraise to offset this burden to the towns but have not been able to clear the unanticipated expense off our books through fundraising efforts within an acceptable time frame.**

I am a staunch supporter of good government and responsible well-crafted budgetary guidance and regulations, but I cannot support proposed S.B. No.418 nor the underlying intent that precipitated its proposal.

Respectfully Submitted,

**Phyllis Schaer**

Sherman Resident

Sherman Delegate to the CLA and Current Chairperson