

Representative Policy Board  
Finance Committee  
March 8, 2021

**Representative Policy Board  
Finance Committee  
South Central Connecticut Regional Water District  
Monday, March 8, 2021  
Meeting Transcription**

Tim:

Thank you. Well, it looks like it's 5:00. I think we have our full complement of guests and current members.

Tim:

So with that, I will call to order the meeting of the finance committee of the representative policy board. I'll remind everybody not only of the date, March 8th, 2020 and it's 2021. And it was 5:00, but also that we're being recorded by zoom. And with that, we will go for the safety moment. You've probably had a chance to make note of it. It has something to do with mold prevention. I tried to hide all my mold behind the refrigerator, but other than that, I'm sure we'll take it under good advice and follow the rules. So now, we go to the really exciting stuff where there's no mold growing on these guys. And that's the review plan of the audit for fiscal year 2021. And with us, we have run as [inaudible 00:02:45] his partner, Mr. Smith. And I don't know if you guys would like to take it away.

Rochelle:

Jennifer, you can show the communication. Thank you.

Ron:

I think I just successfully unmuted. Hopefully you can hear me.

Tim:

We can. I don't know, Rochelle, if you want it to do an intro or what. But I leave it in your hands.

Rochelle:

Just mentioned that Ron is with us. He's the partner on the engagement. I believe Dan Smith may also be on, although I don't see him if he is [inaudible 00:03:20] transitioning is part of the engagement for fiscal 21. And with that, I'll turn it over to Ron and Dan.

Tim:

Thank you.

Ron:

Thanks, Rochelle. A few things real quick, and none of this will take a significant amount of time. But for most clearly, you can see by the insignia at the top of this letterhead, our name has changed. So we went through a transaction at BlumShapiro and we're acquired by CLA Conversationalist. It was effective January 1 of 2021. We firmly believe that it was a great opportunity for Blum in particular for our state and local government practice. But other than the name change, it really should be a seamless transition

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to CLA for the authority. Our offices have stayed the same, our people have stayed the same. Actually in this engagement, our audit methodology is staying the same that may change to some degree. And moving forward, we're going through that now with the leadership at CLA. But we haven't come upon anything relative to what it may come down the road that would, I think, prove to be unusual or a significant change for the authority or any of our clients for that matter.

Ron:

The other change is that we are making the rotation as the manager level of the engagement team. So Jessica Aniskoff who has served as manager for... I'm not exactly sure. She's been there at least as long as I have, which I think is six years now. But we're going to have Dan Smith coming in and stepping into that role. Dan, actually was a member of the engagement team earlier in his career. And when he was promoted to manager was moved off of the team as Jessica was already sitting in that seat. But I think Dan, last work in either 2017 or 2018. So he does have quite a bit of familiarity with authority. As of onset, if you will, the transition, but Jess and I have met with Dan on multiple occasions leading up to this engagement in order to get him up to speed as to where the authority is at this point in time.

Ron:

And then we've had some calls with Rochelle as well about the engagement and some other things and Dan has participated in those. So again, I don't foresee anything that's going to be seamless for the authority coming into the fiscal 21 audit. The purpose and reason we're here tonight is simply go through what is referred to as R114 required communications to those charged with governance in the planning phase of the engagement. In the past, Blum add a little more information in this communication. CLA, maybe I guess that is one of the changes. I should have highlighted. CLA is a little more sanct with this communication. And they stick strictly to what the AICP requires us to communicate. Whereas at Blum in previous years, we went a little beyond that. But generally speaking, I'm not going to go through this letter paragraph by paragraph.

Ron:

What the general purpose of this letter is to do two things in we try to leverage a third thing out of it. And those two things are, communicate to you what our responsibility as your external auditors are, just reference in reinforced the fact that management and those charged with governance have some responsibilities relative to the engagement and to the financial reporting operations of the authority. And then finally, to me, this is the most important thing is to reinforce the fact that this opens a line of communication between you and us. If there are concerns that you have, or if now, or if there are things that come up during the course of the year that you feel as though should be brought to our attention, by all means, you should reach out to one of the team members, myself or Dan in particular directly and communicate those matters to us. From the perspective of our responsibility, it breaks out into this.

Ron:

Primarily, our responsibility is to do perform work, to provide us enough evidential matter, to issue an opinion on the financial statements. As to whether or not they fairly represent the financial position and results of operations of the authority. We're also required for generally accepted governmental auditing standards to do some work relative to your internal controls over financial reporting as well as any compliance requirements the authority has, that a violation thereof will be material to the financial statements. And we report to you on those matters. If there are internal control matters relative to

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financial reporting, they may end up in a management advisory letter as a comment or they may be significant deficiencies and material weaknesses that will be presented in your federal audit report. That is a reform of us as auditors to do that work and provide that reporting. Finally, we're also required under federal center [inaudible 00:09:28] Our understanding of internal controls over requirements of the major federal programs that we're testing. And then to actually issue a pain that's relative to that test.

Ron:

So those are our performance. And the final one simply is, as I said earlier to report to you, anything that comes to our [inaudible 00:09:51] is important enough that we need to bring it to your attention and that you can deal with it or make modifications as you see fit and necessary.

Ron:

The perspective of management and those charged with governance, your responsibilities under this engagement are simply... It is your responsibility to present the financial statements. It is your responsibility to put your general controls in place. Around that financial reporting process and no controls in place around the compliance requirements relative to state and federal grants that you receive. That's really it in a nutshell. Again, I don't want to go through this if that's necessary. But I think I have hit on some of the important points relative to the communication. That'll end my... I'm with you on this. If you have some questions or concerns that you'd like to put in to me at this point in time, I'll turn it back to you, Tim.

Jay:

Tim, I have a question.

Tim:

Okay. Certainly, Jay. Go right ahead, Jay.

Jay:

Yeah. Jay Jaser, I represent orange. I'm very pleased to hear that there's a consistency and not everything remain in listening. However, because you're the finance committee, on looking at the pricing as to that is consistent with what we've done in the past on pricing for the audit.

Rochelle:

Yes, it is.

Jay:

I'm sorry

Rochelle:

Jay, this is Rochelle. Yes, it is. You might remember a few years ago, there was a proposal that was made and in regardless of the acquisition, the prices that were quoted are still being adhered too.

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Jay:

Okay. Thank you. Thank you for that.

Tim:

Any other questions? I had one run, and that has to do with Dan. Dan, is basically Mr. Smith replacement of... Was it Jennifer? That's essentially sort of good business practice. Is that correct? Is that one of the reasons that is Ron?

Ron:

It is. Yes.

Tim:

Yes.

Ron:

To be honest with you, my personal opinion, if you're looking for rotation and then therefore a different perspective in a clean set of eyes, if you will. I think you're getting more by making a change at that level than you are at the partner level. I know that's nationally, internationally, or the rotate partners, but to be quite honest with you, all we getting a better benefit or at least a fresher look at the manager level. But yes, that's absolutely correct.

Tim:

I thought you were going to say that, and I just wanted to make sure it was had nothing to do with the team changed, so to speak with the name change. And of course, it's welcome anyway. So, thank you.

Larry:

Tim, I might add that we, Rochelle worked with Blum partners in the past. And several years ago, we made the decision that rather than putting out an RFP for a new auditing firm that it made sense to utilize best practice of rotating the partner also with the managing account. That's what's taking place.

Tim:

Mm-hmm (affirmative), it's very good.

Larry:

And it's considered best practice.

Tim:

Yeah. Makes a lot of sense.

Larry:

Although I hear Ron's point in. That makes sense.

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Tim:

Yeah. And I guess we do have to do our fees. That's that's our responsibility too at some point. But either way, it's a good move.

Larry:

But, Blum has been very reasonable and keeping the upmost [inaudible 00:14:09]

Rochelle:

Right.

Tim:

Right. Excellent. We love flash fees. Now if some would argue for negative interest rates, we'll go for negative fees but we can't do that. Okay. Anything else of our esteemed guests and auditors? Well, I guess not. So you guys have an early out. [crosstalk 00:14:33]

Ron:

Thank you so much. Look forward to working with you again.

Tim:

Appreciate it. Great.

Rochelle:

Thank you.

Tim:

Thank you.

Tim:

Okay. We move on to approval of minutes.

Tom:

I've come over it.

Tim:

Thank you. That was quick. And who was it?

Tom:

Tom Clifford.

Tim:

Thank you, Tom. A second on that one?

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Charles:

I was taking it, I'm Charles.

Tim:

Thank you, Charles. Okay. All those in favor?

Tom:

I.

Charles:

I.

Rochelle:

I.

Tim:

Motion passes unanimously. Very good. We move into the quarterly report of the RFP approved projects. RPB approved projects. There seem to be few, but nonetheless Rochelle, you wanted to give a report on us?

Rochelle:

Sir, and I'm just going to touch on the highlights as opposed to reading throughout the detail. I think on Derby Tank, really the key new item is the plaintiff did actually file a petition to appeal that was Dawn and Martha did as of today, filed their opposition to that petition. So there is more to come. We are monitoring the status of this project closely and have tried the best we can to like just our projections for fiscal 21 expenditure based on what we expect the outcome to be. But again, Martha did file the opposition and we'll see where things go from that.

Tim:

What would you anticipate in terms of the delay? I realize COVID and courts and all that stuff don't judge that well, but it just that add a couple of months. What would your guess be?

Rochelle:

I think we're going to know fairly soon how the court rules and I think it's going to be based on that ruling extended or not.

Tim:

I see. Okay, thank you.

Rochelle:

For the Brushy Plains water system improvement project, this project is now completed. The last invoice was paid in February to the consultant. And I will just mention that a small portion of this project is

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going to be financed through DWSRF. It will probably close on that financing. My guess is sometime are early in fiscal 22. We want to get close first the fourth and final tranche of the AMI financing that has taken a little bit longer than I expected. But this Brushy Plains project will be one of the next ones after that to get the DWSRF financing. The RTU project, this project is progressing. This also is a DWSRF project, just a small component of it, probably about \$1.5 million is our estimate for this get Drinking Water State Revolving Fund money. In this project, is you can see based on the dates is expected to now go into fiscal 22. So the remainder of the last part of this project will be in the fiscal 22, our proposed budget.

Rochelle:

The Branford Hill service area improvements really nothing new to report the remaining work on negotiations will resume. And the fourth quarter of fiscal 2021. And the North Sleeping Giant Wellfield the sleazy improvement. This project is now progressing with an expected, complete date in fiscal 22.

Rochelle:

And that's all I have unless there are some other particular questions?

Tim:

Any questions for Rochelle? Okay. Well, thank you for that report. Okay. We now move on to... Just a reminder that we have committee member attendance at authority meetings commencing March 18th. Jay, you're aware you're on deck for that one?

Jay:

Right, yes. It's 12:30, it's the 1st of May? [crosstalk 00:19:09].

Tim:

Yes.

Jay:

Okay.

Tim:

And that, of course will be a zoom meeting.

Jay:

Yes.

Tim:

So you'll be getting all the appropriate invites. And then April-

Jay:

[crosstalk 00:19:16] yes.

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Tim:

Very good. Thank you, Jay. And then of course Charles, you'll be doing April 15th.

Charles:

Yes. Mm-hmm (affirmative)

Tim:

Okay. Do we have anything under new business? Other than the fact that I- [crosstalk 00:19:30]

Michelle:

Hi, it's Michelle.

Tim:

Yes, Michelle.

Michelle:

I'm supposed to be covering May. I believe it's May 20th, that Thursday.

Tim:

Mm-hmm (affirmative).

Michelle:

And I found out that that's when my graduation is.

Tim:

It's not nice.

Jay:

Congratulations.

Michelle:

So unfortunately I won't be able to cover the 20th.

Tim:

Okay. So we'll have to sort through that. Has any want to speak up now? Has anyone not spoken for a time going forward? Tom, Vin. You want to do that one, Vin?

Vin:

Sure.

Tim:



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Terrific. That's great.

Vin:

What was the date?

Michelle:

Thank you very much. I think it's May 20th.

Vin:

May 20th?

Rochelle:

It's May 20th. Yup.

Tim:

Okay. That's great.

Vin:

I will note my calendar.

Tim:

Thank you, Vin. And congratulations, Michelle. I thought nurses already had their graduations, but I guess you're more advanced now.

Michelle:

Yeah, I get my masters.

Tim:

Just a masters.

Jay:

Congratulations.

Tim:

[crosstalk 00:20:31]. That's fantastic.

Michelle:

Thank you.

Tim:

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That's wonderful. That's fantastic. Okay. I guess that we're all settled with new business and that wasn't really new business. There's nothing more, correct? I guess we can call this meeting adjourned. If I can have a motion.

Tom:  
I move.

Tim:  
All those in favor?

All:  
Aye.

Tim:  
It's an aye and goodbye. [crosstalk 00:21:00].