

**Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District**

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AGENDA

Regular Meeting of Monday, June 12, 2023 at 5:00 p.m.

1. Safety Moment
2. Governance, FOIA and Ethics Discussion: Atty. Jeffrey Donofrio, OCA
3. Approval of Minutes – May 8, 2023 meeting
4. Consider and act on recommendation to the Representative Policy Board regarding completeness, mode, and date of public hearing for the Authority’s Application for the Purchase of Assets of Target Two, a Confidential Plumbing Company
5. Review of Audit Proposal: R. Kowalski
6. Quarterly Report on RPB approved projects: R. Kowalski
7. Notification of upcoming Committee Chair election in July
8. Discussion re meeting change for Monday, July 10, 2023 (WSF Golf Tournament)
9. New Business
10. Adjourn

<p>**Members of the public may attend the meeting via remote access using instructions at the top of the agenda. To view meeting documents, please visit https://tinyurl.com/8rmtann3. For questions, contact the board office at 203-401-2515 or by email at jslubowski@rwater.com</p>
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SAFETY MOMENT

HEAT SAFETY

One goal of Summer Safety Month is to bring awareness of heat related health and safety risks that increase during the summer months. Anyone can be at risk for a heat-related illness. Follow these five summer safety tips to stay healthy at home and work:

✓ 1. Stay Hydrated

Dehydration is another safety concern during the summer months. Be sure to drink enough liquids throughout the day, as our bodies can lose a lot of water through perspiration when it gets hot out.

✓ 2. Protect Your Skin

Use a sunscreen 30 minutes before going out. Reapply sunscreen every two hours or after swimming or sweating. Limit sun exposure during the peak intensity hours – between 10 a.m. and 4 p.m. Stay in the shade whenever possible.

✓ 3. Water Safety

Remember to always have adult supervision for children. Whether they're in the pool or playing in the sand at the seashore, having someone who can help them – should an emergency arise – is essential.

✓ 4. Eye Safety

The sun's ultraviolet (UV) light can harm the eyes. Wear sunglasses year-round whenever you are out in the sun.

Sun damage to the eyes can occur any time of year. Choose shades that block 99 to 100 percent of both UVA and UVB light.

✓ 5. Sports Safety

Not only can injuries happen, but in heat exhaustion and dehydration can happen more often in the summer months. It helps to be conditioned to the activities in which we're preparing to engage. Warm up, stretch, gear up, go with a buddy, and remember to cool down and stretch afterwards.

Tap Into
Safety



Regional Water Authority



Service – Teamwork – Accountability – Respect – Safety

 Regional Water Authority

SCCRWA RPB STATUTORY COMMITTEES

Roles & Responsibilities; FOIA; Ethics and Conflicts of Interest

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

A. ENABLING LEGISLATION (Special Act 77-98, as amended):

- Sec. 4 (composition of RPB, weighting of votes, standing committees)
- Sec. 10 (public hearings)
- Sec. 14 (ratemaking role)
- Sec. 15 (OCA)
- Sec. 17 (Ethics)
- Sec. 18 (disposition of land)
- Sec. 19 (Application Process)
- Sec. 22 (issuance of bonds)
- Sec. 30 (Appeals of RPB decisions)

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

B. RPB BYLAWS

- Sec. 1.10: Executive Session
- Sec. 4.1: 3 Standing Committees as provided by law + Executive Committee
- Sec. 6.4: Ethics
- Sec. 6.5: Limitation of Liability and Indemnification
- Article VII: Nondiscrimination
- Article IX: Appointment by RPB of FMA Members

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

B. RPB BYLAWS

- Sec. 1.10: Executive Session

Section 1.10 Executive Session

In accordance with Section 1-225 of the General Statutes, the Board may hold an executive session, as defined and for the reasons set forth in subsection (6) of Section 1-200 of the General Statutes, upon an affirmative weighted vote of two-thirds of the Members present and voting, taken at a regular or special meeting of the Board and stating the reasons for such executive session.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

B. RPB BYLAWS

- Sec. 4.1: 3 Standing Committees as provided by law + Executive Committee

Section 4.1

Committees Established There shall be three standing committees as provided by law -- Land Use and Management, Finance, and Consumer Affairs -- an Executive Committee, and such other committees as the Board may establish from time-to-time. The Chairperson of the Board shall appoint the members of the committees for one year terms. Each committee will elect its own chairperson, who shall call and preside at committee meetings. The Chairperson shall annually solicit from the Members their first and second preference as to standing committee assignments and incorporate that information into his or her decision making. A majority of the members appointed to any committee shall constitute a quorum, and a majority of the quorum may take actions and render reports to the Board on behalf of the committee. The Chairperson of the Board shall serve ex officio on all committees except the Nominating Committee with full voting rights.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

B. RPB BYLAWS

- Sec. 6.4: Ethics

Section 6.4 Board Transactions with Members and Employees

(a) If any Member or employee of the Board is financially interested in or has any personal beneficial interest, directly or indirectly, in any proposed contract or proposed purchase order for any supplies, materials, equipment or contractual services to be furnished to or used by the Board, such Member or employee shall immediately so inform the Board and shall take no part in the deliberations or vote concerning such contract or purchase order. The Board may terminate the membership or employment of any person who violates this subsection.

(b) No Member or employee of the Board shall accept or receive, directly or indirectly, from any person, firm or corporation to which any contract or purchase order may be awarded, by rebate, gift or otherwise, any promise, obligation or contract for future reward or compensation or any money or anything of value in excess of ten dollars, provided the aggregate value of such things provided by a donor to a recipient in any calendar year shall not exceed fifty dollars and, excluding any food or beverage costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his or her representative, is in attendance.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

B. RPB BYLAWS

- Sec. 6.5: Limitation of Liability and Indemnification

Section 6.5 Limitations of Liability and Indemnification

- (a) **Definition.** As used in this Section 6.5, "CBCA" means the Connecticut Business Corporation Act, Chapter 601 of the Connecticut General Statutes, as the same may be amended from time to time.
- (b) **Limitation of Liability of Members.** The personal liability of a Member to the District, the Board and/or any member of any such body for monetary damages for breach of duty as a Member shall be limited to an amount equal to the amount of compensation received by such person for serving the District or the Board during the calendar year in which the violation occurred (and if the person received no such compensation from the District or the Board during the calendar year of the violation, such person shall have no liability to the District and/or the Board for breach of duty) if such breach did not:
1. involve a knowing and culpable violation of law by such person
 2. enable such person or an "associate", as defined in Section 33-840 of the CBCA, to receive an improper personal economic gain;
 3. show a lack of good faith and a conscious disregard for the duty of such person to the District and/or the Board, as the case may be, under circumstances in which such person was aware that his or her conduct or omission created an unjustifiable risk of serious injury to the District and/or the Board; or
 4. constitute a sustained and unexcused pattern of inattention that amounted to an abdication of such person's duty to the District and/or the Board.
- Any repeal or modification of this Section 6.5 shall not adversely affect any right or protection of a Member from the Authority and/or the Board existing at the time of such repeal or modification.

Nothing contained in this Section 6.5 shall be construed to deny to the Members the benefit of Section 52-557n of the Connecticut General Statutes as in effect at the time of the violation.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

B. RPB BYLAWS

- Sec. 6.5: Limitation of Liability and Indemnification

Section 6.5 Limitations of Liability and Indemnification continued

(c) Indemnification of Members. The Board shall 1) indemnify to the fullest extent permitted by law, each Member for all "liability," as defined in Section 33-770 of the CBCA, to any person for any action taken, or any failure to take any action, as a Member, except liability that (i) involved a knowing and culpable violation of law by such person, (ii) enabled such person or an "associate," as defined in Section 33-840 of the CBCA, to receive an improper personal gain, (iii) showed a lack of good faith and a conscious disregard for the duty of such person to the District and/or the Board under circumstances in which such person was aware that his or her conduct or omission created an unjustifiable risk of serious injury to the District and/or the Board or (iv) constituted a sustained and unexcused pattern of inattention that amounted to an abdication of such person's duty to the District and/or the Board, and 2) advance to each Member funds to pay reasonable "expenses", as defined in Section 33-770 of the CBCA, incurred by each such person who is a party to a "proceeding," as defined in Section 33-770 of the CBCA, because he or she is or was a Member, in each case to the fullest extent permitted by law.

(d) Intent of Provision. The intent of this Section 6.5 is to limit the liability of the Members to the District, the Board and any members of any such body, and to require indemnification of the Members by the Board to the fullest extent that liability of directors could be limited and to the fullest extent that indemnification could be made for directors of a Connecticut stock corporation under the CBCA, and for Members to have the same and the fullest rights of indemnification and advance of expenses as directors of a Connecticut corporation could have under the CBCA and in the manner provided for directors of stock corporations under the CBCA. This Section 6.5 is set forth in the Bylaws of the Board to have the same force and effect as it would have if set forth in the Certificate of Incorporation of the Board if the Board had a Certificate of Incorporation.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Article VII: Nondiscrimination

Section 7.1 Guarantee of Equal Employment Practices by the Board

Members and officers of the Board shall recruit, appoint, assign, train, evaluate and promote Board personnel without regard for race, color, religious creed, sex, sexual orientation, age, national origin, ancestry, present or past history of mental disorder, mental retardation, learning disability or physical disability (except where, because of such physical or mental disability an individual is unable to perform the essential functions of the job with a reasonable accommodation).

Section 7.2 Activities of the Board to be Performed without Discrimination

All services of the Board shall be performed without discrimination based upon race, color, religious creed, sex, sexual orientation, age, national origin, ancestry or physical disability. No Board facility shall be used in the furtherance of any discriminatory practice, nor shall the Board become a party to any agreement, arrangement or plan which has the effect of sanctioning discriminatory practices.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Article IX: Appointment by RPB of FMA Members

Section 9.1 Election and Terms

The Authority is to consist of five members, not Members of the Board, residents of the District, appointed without regard to political affiliation, by a majority of the total weighted votes of the Members present at a meeting at which Members holding two-thirds of the total votes on the Board are present. The terms of the members of the Authority shall be five years staggered as set out in Section 5 of Special Act 77-98 as amended. The term of each member of the Authority begins January 1st and continues for five years or until such member's successor has been appointed and qualified.

Section 9.2 Nominating Committee

Not later than August 15 of each year, the Chairperson of the Board, if not a declared candidate for membership on the Authority, shall appoint a Nominating Committee composed of five Members for the purpose of recommending to the Board a nominee or nominees for member of the Authority. If the Chairperson is a declared candidate, the Nominating Committee shall be appointed by a Board officer or the chairperson of a statutory committee, i.e. the appointing officer, who is not a declared candidate, in the following order: Vice-Chairperson; Secretary; Treasurer; Land Use Committee chairperson; Finance Committee chairperson; Consumer Affairs Committee chairperson.

Any Member intending to be a candidate for Authority membership in a given year must so declare to the Chairperson of the Board by August 1 of that year. No declared candidate may serve on the Nominating Committee. The Chairperson of the Board shall not be eligible to serve on the Nominating Committee. No more than three, nor fewer than two, appointees to the Nominating Committee shall be members of the Executive Committee of the Board. The appointing officer who names the Nominating Committee shall ascertain each prospective Nominating Committee member's willingness to serve prior to appointment. The appointing officer shall designate a chairperson of the Nominating Committee, and if and as necessary, appoint replacements whenever vacancies occur.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Article IX: Appointment by RPB of FMA Members

Section 9.3 Nominating Committee Process

(a) Selection Guidelines. The Nominating Committee shall meet on call of the chairperson. The Nominating Committee or its representative(s) shall confer with the Chair of the Authority and its Chief Executive Officer with regard to the types of experience and other traits most needed by the Authority, and shall solicit the same from Members of the Board. The Nominating Committee shall then, in its discretion, develop such guidelines by which to evaluate the qualifications of candidates that augment and are compatible with the requirements for candidates set forth in Connecticut Special Act 77-98, as amended, as it shall deem advisable. The Nominating Committee shall submit a draft of the selection guidelines to the Board for review and comment at the September meeting of the Board. If no September meeting of the Board is convened, the Nominating Committee shall distribute the draft selection guidelines and invite commentary from Board members to be received by the Nominating Committee on or before the 23rd day of September. The Committee will review all commentary and revise the guidelines as it shall deem appropriate, and adopt the guidelines.

(b) Consideration of Reappointing the Incumbent. Following adoption of the guidelines by the Nominating Committee, it shall communicate these to the Board Members, the Authority, and the Chief Executive Officer of the South Central Connecticut Regional Water Authority. The chairperson of the Nominating Committee shall ask the member whose term is to expire at year end if s/he intends to seek reappointment to the Authority. If the incumbent responds affirmatively, the Nominating Committee shall assess his/her candidacy as it deems appropriate and, having done so, determine whether to (1) recommend to the Board for consideration at its regularly scheduled October meeting the reappointment of the incumbent, or (2) advise the incumbent that it intends to entertain additional candidates and report this action to the Board. If the candidate responds negatively, the Nominating Committee shall commence an open candidacy search as set forth in Section 9.3 (c). In the event the Nominating Committee recommends reappointment of the incumbent, it shall mail such recommendation to Members of the Board not less than ten days prior to the regularly scheduled October meeting of the Board, and the Board shall consider such recommendation at its October meeting. If the reappointment of the incumbent is approved by a vote as specified in Section 9.1, the Nominating Committee shall be discharged. In the event the Board does not approve the reappointment of the incumbent at its October meeting, the Chairperson of the Board shall so notify the incumbent and the Nominating Committee shall publicly announce the open candidacy period for the appointment to the Authority for the five-year term commencing on January 1st of the following calendar year in accordance with the process set forth in Section 9.3 (c). The incumbent may seek appointment through the open candidacy process.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Article IX: Appointment by RPB of FMA Members

Section 9.3 Nominating Committee Process Continued

(c) **Open Candidacy.** If the Nominating Committee determines to consider candidates in addition to the incumbent, it shall so advise the incumbent, Board Members, members of the Authority, and the Chief Executive Officer of the South Central Connecticut Regional Water Authority not less than ten days prior to the regularly scheduled October meeting of the Board. Subsequent to those actions, the chairperson of the Nominating Committee shall publicly announce the open candidacy period for the appointment to the Authority for the five-year term commencing on January 1st of the following calendar year and invite candidates to apply, except that of the designated New Haven member appointed pursuant to the agreement between the Authority and the City of New Haven. The announcement shall include the required qualifications for members of the Authority as set forth in Connecticut Special Act 77-98, as amended, as well as any additional guidelines by which the Nominating Committee intends to evaluate candidates.

The Nominating Committee shall consider all candidates and shall prepare a report for consideration at the December meeting of the Board which report shall recommend to the Board one or more nominees for appointment to the Authority. No name shall be submitted to the Board by the Nominating Committee unless it shall first have determined that such person is willing to serve if appointed. Said report and recommendation(s) shall be mailed to members of the Board not less than ten days prior to the meeting of the Board at which the Authority member appointment is to be considered. If the Nominating Committee's recommendation is not unanimous such report may contain a minority report and recommendation including an explanation and rationale for the minority's recommendation.

(d) **Designated Representation for New Haven on the Authority.** The City of New Haven shall have a Designated Member on the Authority in accordance with the procedures for the nomination and election of the New Haven Authority member, as noted in Section 1(a) of the written agreement between the Authority and the City of New Haven, executed by John Daniels and Howard Brooks and approved by the Board on July 5, 1978. When the term of the Designated New Haven Member of the Authority is to expire on the following January 1st, the Representative Policy Board shall request a list of at least three candidates be submitted to the Representative Policy Board by the City of New Haven. The Representative Policy Board shall appoint the New Haven Designated Member from the list of names provided.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Article IX: Appointment by RPB of FMA Members

Section 9.4 Board Action

In the event the appointment to the Authority is not determined at the October meeting of the Board, the Board shall vote in December on the candidate(s) recommended by the Nominating Committee, and on any names proposed from the floor, provided that the proposer has determined that said nominee has agreed to serve if elected. If more than one person is nominated and the first vote fails to produce a person receiving a majority of the weighted vote, subsequent votes will be taken by dropping the name of the person receiving the fewest votes on the preceding vote. This process may be repeated until a majority of weighted votes are cast in favor of one candidate.

Section 9.5 Official Communication

The Chairperson of the Board shall report the results of the vote by letter to the chief elected official of each town and city in the District.

Section 9.6 Unexpired Terms

Any vacancy occurring on the Authority prior to the normal expiration of an Authority member's term shall be filled by an open candidacy process under the auspices of a duly appointed Nominating Committee, provided that the Chairperson of the Board may set such schedule for the Nominating Committee and Board meetings as he/she deems appropriate under the circumstances.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

- **Sec. 2: Functions of the RPB; what requires a public hearing and what you can adjudicate without a public hearing**
- **Sec. 6: Protective Orders**
- **Sections 10 and 11: Scheduling and Noticing Public Hearings**
- **Sec. 12: Procedure for Public Hearings**
- **Sec. 16: Rules of Evidence for Public Hearings**
- **Sec. 20: Proposed Findings of Fact and Conclusions of Law**
- **Article II: Applications**

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

- **Sec. 2: Functions of the RPB; what requires a public hearing and what you can adjudicate without a public hearing**

Section 2. Functions.

(a) The Board is empowered by the Act, after Public Hearing (defined in the Rules of Practice below), to approve (i) the water supply system and waste water system rates and charges established by the Authority (Sec. 14); (ii) the establishment of land use standards and disposition policies for the water supply system (Sec. 18); (iii) the initiation of projects costing more than \$2.0 million or non-core business acquisitions or investments in an amount exceeding \$1.0 million (Sec. 19); (iv) the acquisition of any other water supply system or waste water system (Sec. 19); (v) the location of a new purification or filtration plant or waste water treatment plant in any zoning district in which such use is not permitted under local zoning regulations (Sec. 29); (vi) amendments to land use standards and land disposition policies related to the water supply system if deemed substantial by the Board (Sec. 18); (vii) the sale or transfer of an interest in the real property of the water supply system (Sec. 18); (viii) the development of the real property of the water supply system for any non-water use (Sec. 18); and (ix) adjustments of South Central Connecticut Regional Water Authority (“Authority”) rates and charges to cover payments in lieu of taxes (“PILOT”) (Sec. 21).

(b) The Board is also empowered by the Act, without Public Hearing, to approve (i) an amount of investment in non-core businesses greater than five percent of the authority’s net utility plant (Sec. 1), pursuant to procedures and filing requirements approved by the Board, (ii) the appointment of the Chief Executive Officer by the Authority (Sec. 8), (iii) the interest rate on unpaid rates or charges for use of the water supply system (Sec. 14), (iv) the issuance of bonds by the Authority, except the Authority is authorized to refinance existing bonds without Board approval (Sec. 22) and (v) other matters such as amendments to the Land Use Plan for the water supply system deemed not to be substantial. The Board is empowered by the Act to (i) appoint Authority members and fix their compensation (Sec. 5), (ii) remove Authority members for cause (Sec. 5), (iii) establish an Office of Consumer Affairs (Sec. 15) and (iv) select a certified public accountant to perform the annual audit of the Authority's accounts, books and records (Sec. 20).

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sec. 6: Protective Orders

- (a) Any Person seeking to file any document under protective order shall submit to the Board a motion for protective order setting forth which document and/or information it seeks to protect from disclosure and the basis for such request. The motion shall also include a form protective order governing the treatment of the protected material and a form non-disclosure agreement to be executed by any Person seeking access to such protected material.
- (b) The Board, the Vice Chair, the Secretary or the Presiding Officer appointed for the proceeding may grant the motion for protective order if it, he or she concludes that the document or information contained therein is exempt from disclosure under the Freedom of Information Act (e.g., Conn. Gen. Stat. § 1-210(b)) or other provision of state or federal law

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sections 10 and 11: Scheduling and Noticing Public Hearings

10. Schedule of Public Hearings.

- (a) The Board shall fix the date of Public Hearing and cause publication of the required notice thereof or may authorize its Chairperson or a committee thereof to fix such date and cause publication of such notice.
- (b) When appropriate, the chairman of the representative policy board may convene more than one hearing on any matter and direct such hearings to be held in suitable locations within the district so as to assure broader participation by the general public in discussion of the matters under consideration.
 - a. In the case of the sale or transfer of real property pursuant to special act 77-98, as amended, a public hearing shall be held in the city or town in which such real property is situated.
 - b. The Chair may, in its discretion, after consultation with the RPB member of the affected town, direct that the public hearing be held in such town, as a convenience to local residents. The determination to change the venue should provide due consideration to an Authority application where an improvement or facility is planned (e.g. water tank, pump station, water treatment facility, solar panels etc.).

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sections 10 and 11: Scheduling and Noticing Public Hearings

Section 11. Public Notice.

- (a) **Publication of Notice.** Upon the fixing of a date for Public Hearing under the Act, the Board shall direct the newspaper publication of notice thereof at least twenty days before the date set for such Public Hearing in a newspaper or newspapers having a general circulation in each city and town comprising the District. If there is no such newspaper, such notice shall be published in one or more electronic media, including, without limitation the Authority's internet website, as are likely to reach a broad segment of persons within the District. Such notice shall contain the date, time and place of such Public Hearing, a reference to the particular sections of the Act involved, and a description of the matters to be considered at such Public Hearing
- (b) **Filing of Notice.** A copy of the notice described above shall be filed in the principal office of the Board and in the office of the clerk of each city and town in the District and shall be available for inspection by the public from the date of publication to the date of the Public Hearing.
- (c) **Mailing to Designated Persons.** Written notice of Public Hearing may also be delivered in person or by first class mail or electronic mail to such Persons as the Board shall designate from time to time as hereinafter provided. Such notices shall be provided to the Office of Consumer Affairs.
- (d) **Persons to Receive Notice.** Any Person who desires to receive personal notice of Public Hearings of the Board shall file a request with the Board in writing stating such Person's name and mailing address. Such notice shall be delivered to such Persons by first class mail or electronic mail at least one week prior to any such Public Hearing of the Board. The Board shall maintain the names of such Persons on a list to receive notice of Public Hearings for a period of one year, after which date, the name shall be deleted from such list unless or until such request is renewed in writing in the same manner.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sec. 12: Procedure for Public Hearings

Section 12. General Provisions. The purpose of any Public Hearing shall be to provide to all users of the District water supply system or waste water system, owners of property served or to be served, and other interested Persons an opportunity to be heard concerning the matters to be considered by the Board.

Section 13. Presiding Members, Hearings Officers and Conduct of Hearings.

(a) The Board may designate a Member to be a Presiding Member for the purpose of conducting any proceeding it shall hear under the Act.

(b) The Board may designate a Member or staff person of the Board or any natural person to be a Hearing Officer for the purpose of conducting any proceeding it shall conduct under the Act.

(c) Either designation made in subsections (a) or (b) above shall be limited to the particular proceeding for which the appointment is made and for the purpose of no other matter or business before the Board.

(d) In a Public Hearing conducted by a Presiding Member, each Member may fully participate in such Public Hearing provided, however, the following powers and duties shall be delegated to the Presiding Member:

(i) The Presiding Member shall convene and conduct the Public Hearing.

(ii) The Presiding Member shall call and examine witnesses, receive oral and written evidence, rule on the admissibility of evidence and rule on the order in which the Public Hearing is conducted. In the Public Hearing conducted by the Presiding Member, the Presiding Member shall require Persons presenting testimony to be placed under oath. Members present at such Public Hearing may directly question witnesses after recognition by the Presiding Member.

(iii) If, in the opinion of the Presiding Member, the public interest so requires, the Presiding Member shall continue the Public Hearing to a date certain in order to receive additional evidence and/or testimony from the applicant, other parties or other interested Persons and such added exhibits and/or testimony ordered by the Board pursuant to Section 15 of these Rules.

(iv) At the conclusion of the presentation of evidence at the Public Hearing, the Presiding Member may close the Public Hearing but allow the Public Hearing record to remain open until a date certain to receive additional exhibits and shall determine a date certain to receive comments on such exhibits from the applicant, other parties and other interested Persons, at which such date certain the Public Hearing record shall close.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sec. 12: Procedure for Public Hearings

Section 13. Presiding Members, Hearings Officers and Conduct of Hearings. continued

- (e) In a Public Hearing conducted by a Hearing Officer, the Hearing Officer shall be empowered to exercise on behalf of the Board all of the authority to conduct a Public Hearing delegated to the Board under the Act within the following limits:
- i. The Hearing Officer shall convene and conduct all Public Hearings required by law within the scope of the Board's designation. No testimony or argument shall become part of the record or form a basis for any finding of the Hearing Officer unless the Hearing Officer is present in the place where the Public Hearing is being conducted and personally hears or receives the testimony and argument there offered, except that exhibits and testimony filed upon order of the Board pursuant to Section 15 of these Rules or accepted by the Board in its discretion shall be part of the record and may be submitted at a time and place determined by the Hearing Officer.
 - ii. The Hearing Officer shall call and examine witnesses, receive oral and written evidence, rule on the admissibility of evidence, and rule on the order in which the Public Hearing is conducted and on all other aspects of the Public Hearing. The Hearing Officer shall require Persons presenting testimony to be placed under oath. The Board shall require that the Hearing Officer report at a duly scheduled meeting of the Board his/her recommended findings of fact and conclusions of law in writing.
 - iii. If, in the opinion of the Hearing Officer, the public interest so requires, the Hearing Officer shall have the authority to continue the Public Hearing to a date certain in order to receive additional evidence and/or testimony from the applicant, other parties or other interested Persons, and such added exhibits and/or testimony ordered by the Board pursuant to Section 15 of these Rules.
 - iv. At the conclusion of the presentation of evidence at the Public Hearing, the Hearing Officer may determine to close the Public Hearing but allow the Public Hearing record to remain open until a date certain to receive additional exhibits and shall determine a date certain to receive comments on such exhibits from the applicant, other parties and other interested Persons, at which such date certain the Public Hearing record shall close.
 - v. A proposed final decision made by the Hearing Officer under this subsection

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sec. 12: Procedure for Public Hearings

Section 13. Presiding Members, Hearings Officers and Conduct of Hearings. Continued

(f) In a Public Hearing, members of the general public may be recognized by the Presiding Member or the Hearing Officer and comment on the matter before the Board or the Hearing Officer without being sworn. Such public comment shall be received after sworn testimony is presented.

(g) When Members not present at a Public Hearing intend to vote on the matter in question, such Members shall read or otherwise familiarize themselves with the record of the Public Hearing prior to participating by vote in the final decision of such matter

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sec. 16: Rules of Evidence for Public Hearings

Section 16. Rules of Evidence.

The following rules of evidence shall be followed in Public Hearings:

- (a) Rules of Evidence. Any oral or documentary evidence may be received, but the Presiding Member or the Hearing Officer may, as a matter of policy, exclude irrelevant, immaterial or unduly repetitious evidence. The Presiding Member or Hearing Officer shall give effect to the rules of privilege recognized by law.
- (b) Documentary Evidence. Documentary evidence may be received at the discretion of the Presiding Member or Hearing Officer in the form of copies or excerpts, if the original is not found readily available. Upon request by any Person an opportunity shall be granted to compare the copy with the original, which shall be subject to production by the Person offering such copies, subject to the provisions of Section 52-180 of the General Statutes, as amended.
- (c) Cross Examination. Such cross examination may be conducted as the Presiding Member or the Hearing Officer shall find to be required for a full and true disclosure of the facts, but no Person shall be entitled to cross examine any other witness or speaker as a matter of right.
- (d) Facts Noticed, Board Records. The Board may take notice of judicially cognizable facts, including prior decisions and orders of the Board. Any exhibit admitted as evidence by the Presiding Member or the Hearing Officer in a prior Public Hearing may be offered as evidence in a subsequent proceeding and admitted as an exhibit therein.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Sec. 20: Proposed Findings of Facts and Conclusions of LAW

Section 20. Filing of Proposed Findings of Fact, Conclusions of Law and Briefs.

At the conclusion of the presentation of evidence in any Public Hearing, the Board or the Hearing Officer may fix a time within which any Person may file proposed findings of fact, conclusions of law, and briefs.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Article II: Applications

Section 23. General Rule. Applications shall include all forms of proposals, requests, applications, petitions, and filings of whatever nature whatsoever that are placed before the Board pursuant to the Act

Section 24. Form. The form to be followed in the filing of applications hereunder will vary to the extent necessary to provide for the nature of the legal rights, duties or privileges involved therein.

Nevertheless, all applications shall include the following components:

- (a) **Statement of Application.** Each application shall incorporate a statement setting forth clearly and concisely the authorization sought. The statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board. In addition to the specific requirements for particular types of applications that may hereinafter be stated, the statement of application shall further set forth:
- (i) an explicit statement setting forth the need for the proposed action for approval;
 - (ii) an analysis of the alternatives to the proposed action considered by the Authority and the basis for selection of the proposed action and rejection of the possible alternatives;
 - (iii) a statement of the cost (both capital and operating) to be incurred and/or saved from current expenditures as the case may be as a result of such proposed action and an analysis of the cost and/or savings to be realized from any rejected alternative, including the taking of no action;
 - (iv) a concise and explicit statement of the facts on which the Board is expected to rely in granting the authorization sought and;
 - (v) an explanation of any unusual circumstances involved in the application, which the Board will be expected to direct its particular attention.
- (b) **Annexed Materials.** There shall be attached to the application any exhibits, sworn written testimony, data, models, illustrations and all other materials that the applicant deems necessary or desirable to support the granting of the application. In addition, such annexed materials shall also include such exhibits, sworn testimony, and other data that any statute or these rules may require.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

C. RULES OF PRACTICE

Article II: Applications continued

Section 25. Original Records.

The applicant shall furnish and make available for the use of the Board the original books, papers and documents from which any part of the application is derived. If so directed, certified or verified copies shall be furnished in lieu of such original records. Failure to furnish original records may be ground for rejection of any component and, if appropriate, for refusal of the application.

Section 26. Rejection of Application.

Failure of the Board or a committee thereof to reject and return to the Authority an application as incomplete within thirty days of filing shall be deemed acceptance of the application as complete under these rules.

Section 27. Incomplete Filings.

An application shall be considered complete if it complies with Section 24 as to form and with Sections 30 to 40 as to special provisions. When called to the attention of the Authority for lack of completeness, an application must be promptly corrected. If such is not the case, the application may be rejected and deemed denied for lack of proper submission.

Section 28. Reserved.

Section 29. Additional Evidence.

The enumeration of required items hereinafter set forth as the minimum evidentiary submission in the following sections shall not preclude the submission of additional evidence hereunder.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

- Sec. 24: Checklist for determining “completeness” for most applications
- Sec. 31: Special Components for rate applications
- Sec. 33-A: Special Components for applications for projects over \$2M, investments in non-core biz over \$1M
- Sec. 33-B: Additional Procedures for Projects Costing More than \$2M
- Sec. 33-C: Additional Procedures for Project Costs Exceeding Authorized Expenditures
- Sec. 33-D: Components of an Application to Acquire or Invest in a Non-Core Biz over \$1M
- Sec. 37: Special components of an Application to dispose of real property

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

- Sec. 24: Checklist for determining “completeness” for most applications

(a) Statement of Application. Each application shall incorporate a statement setting forth clearly and concisely the authorization sought. The statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board. In addition to the specific requirements for particular types of applications that may hereinafter be stated, the statement of application shall further set forth:

- (i) an explicit statement setting forth the need for the proposed action for approval;
- (ii) an analysis of the alternatives to the proposed action considered by the Authority and the basis for selection of the proposed action and the rejection of the possible alternatives;
- (iii) a statement of the cost (both capital and operating) to be incurred and/or saved from current expenditures as the case may be as a result of such proposed action and an analysis of the cost and/or savings to be realized from any rejected alternative, including the taking of no action;
- (iv) a concise and explicit statement of the facts on which the Board is expected to rely in granting the authorization sought and;
- (v) an explanation of any unusual circumstances involved in the application, to which the Board will be expected to direct its particular attention.

(b) Annexed Materials. There shall be attached to the application any exhibits, sworn written testimony, data, models, illustrations and all other materials that the applicant deems necessary or desirable to support the granting of the application. In addition, such annexed materials shall also include such exhibits, sworn testimony, and other data that any statute or these rules may require.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

• Sec. 31: Special Components for rate applications

Section 31. Special Components.

(a) Each Issuance Test Rate Application filed pursuant to Section 619A of the Authority's Water System Revenue Bond Resolution General Bond Resolution shall contain the following data either in the statement of application or as exhibits annexed thereto and accompanying the application:

(i) Rate Application: Section I

(A) A summary statement explaining the nature of the Rate Application and highlighting its key elements. Such statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board and shall further set forth:

(1) a statement explaining the nature of an Issuance Test Rate Application, including a reference to Section 619A of the Authority's Water System Revenue Bond Resolution General Bond Resolution under which the authorization of such an application is to be granted by the Board;

(2) a statement of the amount of debt proposed for issuance;

(3) a statement of the proposed revenue increase reflected in absolute dollars and percent above historic revenues;

(4) a statement explaining the role, if any, of the Rate Stabilization Fund in the Rate Application, including the Fund's role with respect to allocation or expenditure of funds; and

(5) an explanation of any unusual circumstances involved in the application, to which the Board will be expected to direct its particular attention.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

· Sec. 31: Special Components for rate applications continued

ii) **Rate Application: Section II**

- (A) A summary schedule of historical revenue increases, including the approved percentage increase in revenues and the effective date of each revenue increase.
- (B) A statement explaining the current rate structure, referencing the latest cost of service study, and any proposed changes in the rate structure, supporting such proposal with such cost of service study and other data.
- (C) A summary statement of required revenues by class of Consumer for the current Fiscal Year and the year following the Fiscal Year setting forth the funds required for operating and maintenance expenses, debt service requirements, payments in lieu of taxes, and amounts necessary to meet general bond resolution requirements.
- (D) A statement identifying the historic twelve consecutive month period selected from the relevant eighteen month period upon which to base changes in rates, charges and rate structure and the rationale and basis for that selection. Such statement shall include a schedule setting forth the actual revenues raised during such twelve month period.
- (E) A summary statement of revenues expected to be received, reflecting any shortfall or excess in such revenues, from existing rates in the current Fiscal Year and the year following the Fiscal Year if no rate action is taken, noting in particular any utilization of the Rate Stabilization Fund.
- (F) A schedule comparing the capital expenditures budgeted for particular Fiscal Year with those actually completed in that same year for each of the three most recently completed Fiscal Years. Such schedule shall also state the percentage of the current Fiscal Year's capital budget expended through the end of the month prior to the filing of the Rate Application and the projected expenditures through the end of the Fiscal Year.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

- Sec. 31: Special Components for rate applications continued

((iii) Rate Application: Section III

- (A) A detailed statement of required revenues for the Pro Forma Year setting forth the projected operating and maintenance expenses, by line item; debt service schedules and projected debt, including projected debt service at interest rates in increments of 25 basis points that fall within the range of potential rates at the time of issue; and payments in lieu of taxes.
- (B) A narrative of the Authority's rationale and methodology in determining revenue requirements and the sources of revenue expected to meet those requirements.
- (C) A statement of assumptions used in calculating all data for the Pro Forma Year and the year following the Fiscal Year. Such statement shall include the assumed rate of growth of operating and maintenance expenditures along with any and all other relevant assumptions.
- (D) A statement setting forth the Authority's most recent five-year plan of capital improvements adjusted for any carry over projects. Such statement shall also discuss the relationship of planned capital spending to the Corporate Planning Model and such plan's consistency with the Authority's Strategic Plan.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

- Sec. 31: Special Components for rate applications continued

(iv) **Rate Application: Section IV**

(A) A summary statement of debt history.

(B) A detailed statement of the magnitude of the debt to be issued and the mode(s) and terms of such debt.

(v) **Rate Application: Section V**

(A) A detailed schedule comparing proposed rates and charges with existing rates and charges.

(B) In the event that a change in the rate structure is proposed in any Rate Application, a summary of any such proposed changes in the rate structure, referencing Section 31(a)(ii)(B) hereof.

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I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-A: Special Components for applications for projects over \$2M, investments in non-core biz over \$1M

(Section 33-A. Special Components.

In addition to the requirements stated in Part 1 of this Article II, each application for the approval of any such proposal shall contain the following data, either in the statement of application or as exhibits annexed thereto and accompanying the application:

- (a) A statement of financial condition of the Authority and of any company which the Authority proposes to acquire. Such statement will reflect the financial condition of the Authority before and after the transaction for which approval is sought.
- (b) A copy of any agreement to acquire.
- (c) The amount of bonds or other obligations the Authority intends to issue, and to the extent available, the terms and rate of interest thereof and the amount and description of any indebtedness the Authority desires to assume.
- (d) A copy, if available, of any documents intended to secure or define the terms of the proposed bonds or other obligations.
- (e) A statement of the purpose for which bonds or other obligations are to be issued, including but not limited to the following facts:
 - (i) If for property acquisition, a detailed description thereof, the consideration to be paid therefor, and the method of arriving at the amount.
 - (ii) If for repair, improvement, construction, enlargement or extension of facilities, a description thereof in reasonable detail, the cost or estimated cost thereof, and the reason or necessity for the expenditures.
 - (iii) If for improvement of service, a statement of the character of the improvements proposed, or if for maintenance of service, a statement of the reasons why service should be maintained from capital.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-A: Special Components for applications for projects over \$2M, investments in non-core biz over \$1M continued

- (f) A description of any property involved in the transaction, including any franchises, permits, or operative rights; and, if the transaction is a sale, lease, assignment, merger or consolidation, a statement of the book cost and the original cost, if known, of the property involved.
- (g) Any application for repair, improvement, construction, enlargement or extension of facilities may include a cost index adjustment to account for the passage of time between the date on which the estimate of project cost was determined and the completion date of the project. A cost index adjustment may be included in the application, if, and only if, the projected primary contract execution date will be more than twelve months after the date of cost estimate, and the projected completion date is more than two years from the date of approval. The initial cost estimate shall be based upon the projected project cost as of the date of estimation irrespective of, and without adjustment for, the projected time to complete the project. Such cost index adjustment shall be based upon the Handy Whitman Index or other industry standard index appropriate for the item of cost to be adjusted. Any application requesting approval of a cost index adjustment shall include
- (i) the date or dates as of which the cost estimate for the project has been determined;
 - (ii) the date or dates projected for the entering of the contract for the construction of the component or components of the cost, which are to be subject to the adjustment by the cost index and the rationale or basis for the projected dates;
 - (iii) the projected completion date of the project and the basis and rationale for that date; and
 - (iv) the cost index or indices to be utilized for each component of cost and the rationale for choosing each index.
- (h) Any application for repair, improvement, construction, enlargement or extension of facilities which includes a contingency as a component of cost shall include the basis and rationale for such contingency

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-B: Additional Procedures for Projects Costing More than \$2M

Section 33-B. Additional Procedures for Projects Costing More than Two Million Dollars.

In addition to the requirements of Section 33-A, the process for obtaining Board approval of projects costing more than two million dollars or where the original estimate was less than two million dollars but where subsequent estimates exceed two million dollars shall be for the Authority or the Authority's management to make a presentation first to the Finance Committee of the Board and subsequently to the Board.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-C: Additional Procedures for Project Costs Exceeding Authorized Expenditures

In addition to the requirements of Section 33-A, in all instances when project costs are estimated to exceed Authorized Expenditure, approval of the revised project cost by the Board shall be required. The process to be followed in such instances is as follows:

- (i) The Authority shall simultaneously notify in writing the Chairperson of the Board and the Chairperson of the Finance Committee of the Board of the fact that the project is estimated to cost more than Authorized Expenditure.
- (ii) If no action is taken by the Board within forty-five days after receipt of notification that the estimated cost is likely to exceed Authorized Expenditure, the revised project cost shall be deemed approved unless the Authority shall grant an extension or extensions of such time limit for up to an aggregate maximum of sixty days.
- (iii) The revised project cost or any subsequent revised project cost approved by the Board shall not be exceeded without further approval of the Board.
- (iv) In the event the Board shall disapprove a proposed revised project cost, the Authority shall not expend an amount in excess of the greater of (a) Authorized Expenditure or (b) any subsequently approved revised project cost.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-D: Components of an Application to Acquire or Invest in a Non-Core Biz over \$1M

References in these Rules to “purchase” or “acquisition” of a non-core business shall be deemed to include an investment in such a business.

1. General Background: A description of the company or enterprise to be purchased including: -type of business; -product(s) or service(s) offered; -location(s); -description of real estate owned, leased or in possession of; -annual revenues for the past three years; -number of employees; -form of organization, e.g. a sole proprietorship, partnership, corporation (C, S or non-stock), limited liability company (LLC); - any subsidiary or affiliated companies.
2. History of the company: Provide the date the business was founded, key individuals in the organization and how it expanded over time. Include a description of any recent sales of the company or changes in ownership. List any prior sales or changes in ownership. Include an explanation of why the business was sold and why it is now for sale.
3. Management/Employees: Provide an overview of the management of the company including management or key employees and whether they will stay with the business after the sale. Describe existing non-compete and non-solicitation agreements in effect and whether they have been reviewed for enforceability. Identify any union/ labor issues including any planned integration with the Authority’s present labor force. Describe employee benefits including pension and health benefits, including whether pension plan is underfunded and the amount necessary to fully fund the pension plan. Provide any planned changes in management, number of employees or benefits after the acquisition. Identify the Authority employee who will be primarily responsible for managing the new business together with a description of that individual’s qualifications and experience.
4. Financial Records: Include financial records (audited by a CPA if available) for the past three to five years and any separate federal and state tax returns together with the credentials of the return preparer. Describe any significant contracts, vendor contracts or leases that will be part of the purchase of the business. Explain whether any will be assumed or terms renegotiated.
5. Regulatory, Environmental & Legal Issues: Describe any regulatory or environmental issues affecting the business including any current or threatened litigation. List disclosed liabilities. Describe efforts to identify undisclosed liabilities. List and describe contractual obligations.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-D: Components of an Application to Acquire or Invest in a Non-Core Biz over \$1M Continued

6. Sales & Marketing: Explain how the current sales and marketing of the products or services is accomplished. Describe sales staff compensation (commissions or salary) and the extent to which the current owner is responsible for selling or bidding the work. If so, state whether that function will be assumed by another person in the firm or whether someone will need to be hired. Provide a plan of how the Authority will facilitate the transition of the customers to the new ownership. Describe whether and how the sales of the firm's products or services will be expanded in the next three to five years. Explain how the business set its prices for its products and services. Provide the market size and this company's share of it. Explain how the Authority owning the organization will result in growth of sales and market share.
7. Customer Diversification. List any customers who comprise 10% or more of the sales. State whether sales for the company are heavily concentrated in a small number of customers or a broad diversified customer base. Describe the type of customer by location and product or service line.
8. Competition: Describe the competition and whether it is direct competition or indirect through substitute products or services. State whether the competition is well-established and well-funded. Provide the company's market share and outline any barriers to market entry by new participants.
9. Industry Trends: Provide an overview of where the industry is going and whether it is consolidating or expanding. Identify any new innovation in the industry that will require significant changes in how business is conducted. Explain the industry trends and whether there is new innovation on the horizon.
10. Transaction document(s). Provide a copy of the stock or asset purchase agreement or other acquisition document.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 33-D: Components of an Application to Acquire or Invest in a Non-Core Biz over \$1M Continued

10. Transaction document(s). Provide a copy of the stock or asset purchase agreement or other acquisition document.
11. Five-year forecast. Provide a five-year forecast of revenues, expenses and anticipated capital expenditures. Identify the key metrics that the Authority will use to measure the future performance of the business.
12. Conflicts of interest. Describe any potential conflicts of interest concerning Authority employees, Authority members, Board members, company employees and company board members. Describe any potential conflicts of interest or financial impacts regarding the Authority's existing operations.
13. Valuation. Identify the firm, analyst and/or Authority employee that determined the company's value. Provide a copy of any written analysis or valuation opinions.
14. Risks. Identify all material risks (including legal, regulatory, environmental and financial) associated with the new business and its integration with the Authority's existing operations. Describe any steps to be taken to insulate the Authority's water customers from these risks.
15. Conclusion: Are there any other factors that the Board should take into consideration in reviewing the application for acquisition of this business

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 37: Special components of an Application to dispose of real property

Section 37. Special Components.

In addition to the requirements hereinabove stated in Part 1 of this Article II, each application for the approval by the Board of the disposition of any real property of the water supply system shall contain the following data, either in the statement of application or as exhibits annexed thereto and accompanying the application.

- (a) An evaluation of the potential impact of the proposed action for which approval is requested as required by Section 18(d) of the Act, which shall include:
 - (i) An explicit statement that the proposed action conforms to the land classification standards and disposition policies of the Authority and a concise statement of facts supporting such statement.
 - (ii) A description of the real property and its environment, including its existing watershed function.
 - (iii) A detailed statement of the environmental impact of the proposed action, including an analysis of the alternatives to the proposed action considered by the Authority and the basis for selection of the proposed action and the rejection of the possible alternatives, considering:
 - (A) direct and indirect effects upon the purity and adequacy of both the present and future water supply,
 - (B) the relationship of the proposed action to the existing land use plans, including municipal and regional land use plans and the state plan of conservation and development,

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES OF RPB MEMBERS

Sec. 37: Special components of an Application to dispose of real property continued

(C) any adverse effects which cannot be avoided if the proposed action is implemented,

(D) any irreversible and irretrievable commitments of resources which would be involved should the proposed action be implemented, and

(E) any mitigation measures proposed to minimize adverse environmental impacts.

(iv) A statement of the cost (both capital and operating) to be incurred and/or saved in maintaining the property in its current use as the case may be as a result of such proposed action.

(v) A summary of the final evaluation and recommendation of the Authority.

(b) The terms and conditions of the proposed sale or transfer.

(c) In the case of a sale or transfer identified in accordance with Section 18(b) of the Act as being unlikely to have a significant effect on the environment, the Authority may submit a preliminary assessment of the impact to occur in lieu of such detailed statement of environmental impact, and the Representative Policy Board may, on the basis of such preliminary assessment, waive or modify the requirement of such detailed statement.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS

1. RPB Member
2. RPB Chair
3. RPB Vice Chair
4. RPB Secretary
5. RPB Treasurer
6. Chair, Statutory Committee
7. Robert's Rules of Order: General Rules of Decorum: everything through the Chair; refrain from speaking until recognized; speak to the subject under debate; refer to any other member only in a respectful manner; ask questions respectfully; no questioning motive.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Member

Members of the Representative Policy Board (RPB) are unique among all public officials in Connecticut in the multiple roles they fulfill. They sit as administrative judges, much like members of the State of Connecticut Public Utilities Regulatory Authority, when they evaluate rate cases, land policies and transactions. They act as “stakeholders” when they select auditors, consider major capital expenditures, and appoint the five members of the Regional Water Authority (RWA), the governance unit responsible for day-to-day oversight of RWA operations. In addition, from time-to-time, members of the RPB, individually, through the statutory committees, and occasionally as a board, offer advice and guidance to the RWA and its management. Finally, they serve as a link to the cities and towns that comprise the Regional Water District, facilitating two-way communications between the RWA and elected officials as well as the general public.

Appointment and Term

Members are appointed to staggered three-year terms commencing July 1. Approximately a third of the terms expire each year. Members continue to serve until their successors are duly appointed and confirmed. Each municipality in the Regional Water District is represented by one member on the RPB, as is the Governor. A formula set forth in the enabling legislation determines the number of “weighted votes” accruing to each municipality; these are recalculated annually. Appointments are made in each municipal jurisdiction in the District by the Chief Elected Official, subject to confirmation by the municipality’s legislative body.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Member

1. RPB Member

Acting as a Board, Members of the RPB:

1. Approve adjustments in rates to be paid by all water customers requested by the RWA
2. Act upon requests by the RWA to issue bonds
3. Authorize the RWA to proceed with capital projects of \$2 million or more
4. Select the RWA's auditor
5. Adopt policies and standards pertaining to land use relating to the RWA's more than 27,000 acres
6. Act on RWA requests to sell real property or interests in real property it owns, and the terms thereof
7. Appoint the five members of the Regional Water Authority
8. Fix compensation of RWA members
9. Ratify the RWA's candidate for appointment to CEO
10. Name the Consumer Affairs Officer
11. Adopt the budget for the Office of Consumer Affairs
12. Decide whether the RWA can acquire any existing water system
13. Adopt RPB bylaws and Rules of Practice
14. Elect RPB officers

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Member

1. RPB Member

Duties and Responsibilities of Members of the RPB

- Serve as the liaison between the community represented and the RWA
- Prepare for, attend, and participate in meetings of the RPB, typically one each month on the third Thursday evening
- Prepare for, attend, and participate in meetings of RPB committee(s) to which assigned, typically one meeting per month
- Respect rules governing the consideration of applications coming before the RPB
- Respect the confidentiality of information regarding the RWA when so apprised and when permitted by FOIA
- Serve when invited to participate on other committees of the RPB, if at all possible
- Participate when invited in briefings and ceremonial events involving the RWA

Qualifications

- Nominee must be an elector of the jurisdiction from which appointed
- While not required, nominees with any of the following attributes bring especially valuable skills to the RPB: expertise in finance, large scale capital projects, civil engineering, management of complex organizations, environmental science, or land use

Compensation

Compensation of Members of the RPB is provided for in the legislation that created the Regional Water District. It is fixed by statute at \$111.76 per duty day

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB CHAIR

General

The Chair is the titular leader of the Representative Policy Board, and represents that body at official activities, events, and certain meetings convened under the aegis of the Water District. The incumbent shapes the agenda for each meeting of the Board and endeavors to bring the Board to timely decisions that meet the “Prudent Man” test on matters that come before it. The incumbent also works to assure clear and open communication between the RPB and the Regional Water Authority and its management, while respecting circumstances where such communication could be deemed ex parte.

Accountabilities

Orderly and timely discharge of RPB responsibilities within the legal parameters set forth in CT ,Special Act 77-98 as amended, the Board’s Rules of Practice, and RPB Bylaws. Assure that the RPB is appropriately staffed. Project positive, professional image of the RPB. Faithful representation of actions taken and policies adopted by the RPB.

Authority

- Fix the agenda of all meetings of the RPB, subject to Roberts Rules of Order.
- Call and preside over special meetings of the Board as appropriate.
- Call and preside over meetings of the Executive Committee.
- Appoint RPB members to committees of the Board, except that when a declared candidate for appointment to the RWA, incumbent cannot appoint the Board’s Nominating Committee.
- Appoint RPB members to joint committees and task forces with the RWA.
- Direct RPB staff.
- Request legal opinions on behalf of the Board.
- Appoint Hearing Officers to preside over public hearings called by the Board, subject to Board approval.
- Execute documents on behalf of the RPB that conform to its Rules of Practice, Bylaws, policy, or decisions.
- Review RWA internal audit reports

In the absence of the Treasurer and the Consumer Affairs Committee, authorize payment of the invoices of the Office of Consumer Affairs or such other entities whose services have been retained by the Board

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB CHAIR Continued

• **Duties and Responsibilities**

- Maintain clear and open communication between the RPB and the RWA and its management.
- Fix the agenda of all meetings of the RPB, subject to Roberts Rules of Order.
- Anticipate matters requiring Board action, and plan Board activities to prepare members of the RPB that will enhance the likelihood of its rendering informed decisions.
- Call and preside over special meetings of the Board as appropriate.
- Call and preside over meetings of the Executive Committee, and prepare agendas for such meetings.
- Represent the Board at Water District-related events as appropriate.
- Appoint Board members to Board committees.
- Appoint Board members to joint committees within the Water District.
- Advise statutory committee chairs regarding matters that warrant the attention of their respective committees.
- In the absence of Board action to the contrary, refer matters to committees.
- In the absence of the Treasurer and the Consumer Affairs Committee, authorize payment of the invoices of the Office of Consumer Affairs or such other entities whose services have been retained by the Board, within the parameters of agreements with those entities.
- Request legal opinions on behalf of the Board.
- Name Hearing Officers to preside over public hearings called by the RPB, subject to Board approval.
- Execute documents on behalf of the Board that conform to Board Rules of Practice, policy, decisions, or agreements involving the Board.
- Alert municipal CEOs within the District to the need to appoint members of the RPB in timely fashion, and to communicate the required evidence of appointment.
- Direct and conduct performance reviews of administrative staff.
- Participate in the orientation for new members of the RPB.

Qualifications Membership on the RPB. **Compensation** Fixed by statute

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Vice CHAIR

General

The Vice Chair acts on behalf of the Chair in his/her absence or disability. S/he is also the RPB member who acts on motions for protective orders submitted by applicants to the RPB. S/he is responsible for obtaining the elements of the RPB dashboard report from management. S/he undertakes such additional assignments as may be made by the Chair.

Accountabilities

- Maintain an awareness of the business of the Board so as to be able to act on behalf of the Chair in the latter's absence.
- Attend and participate in the deliberations of the Executive Committee.
- Orderly and timely discharge of RPB responsibilities within the legal parameters set forth in CT
- Special Act 77-98 as amended, the Board's Rules of Practice, and RPB Bylaws.
- Project positive, professional image of the RPB.
- Faithful representation of actions taken and policies adopted by the RPB.
- Act on motions for protective orders in timely fashion.
- Obtain the elements of the RPB dashboard report from Regional Water Authority management for presentation to the RPB annually in September, or at such other time as determined by the RPB.

Authority

In the absence or disability of the Chair: • Preside over meetings of the RPB and the Executive Committee. • Prepare the agenda for all meetings of the RPB and the Executive Committee. • Call and preside over special meetings of the Board. • Call and preside over meetings of the Executive Committee. • Appoint RPB members to joint committees and task forces with the RWA. • Direct RPB staff • Request legal opinions on behalf of the Board. • Appoint Hearing Officers to preside over public hearings called by the Board, subject to Board approval. • In the absence of the Treasurer and the Consumer Affairs Committee, authorize payment of the invoices of the Office of Consumer Affairs or such other entities whose services have been retained by the Board. • In the absence of Board action to the contrary, refer matters to committees. • Execute documents on behalf of the Board that conform to Board Rules of Practice, policy, decisions, or agreements involving the Board. • Act on motions for protective orders submitted by applicants before the RPB.

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Vice CHAIR Continued

Duties and Responsibilities

- Advise the Chair as appropriate.
- Prepare for and attend meetings of the Board and the Executive Committee.
- Preside over meetings of the Board and the Executive Committee in the absence of the Chair, and also prepare agendas for those meetings.
- Represent the Board at Water District-related events as appropriate.
- Undertake such assignments as shall be asked of him/her from time to time by the Chair.
- In the absence of the Chair, Treasurer and the Consumer Affairs Committee, authorize payment of the invoices of the Office of Consumer Affairs or such other entities whose services have been retained by the Board, within the parameters of agreements with those entities.

Qualifications

Membership on the RPB.

Compensation

Fixed by statute. Duty days are defined in RPB Bylaws

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Chair, Statutory Committee

Reports to: RPB Chair and to RPB

Election to Office: By majority weighted vote of the Committee at its organizing meeting following July 1

Term: For one year commencing at the Committee organizing meeting following July 1 of each year, and until successor is duly elected and qualified

Resources: Executive Assistant to the RPB; RWA Management Liaison

General

Provide leadership to the appointing committee (Land Use, Finance, Consumer Affairs). Set the agendas, preside over meetings, and make certain minutes are provided in timely fashion.

Duties and Responsibilities

1. Schedule, call, convene, and preside over meetings of the committee; prepare agendas for meetings of the committee.
2. Make certain that notices of committee meetings are duly prepared and distributed.
3. Submit recommendations from the committee to the RPB in writing, with any appropriate supporting material, in advance of the RPB meeting at which the matter may be considered.
4. Make certain that minutes to committee meetings are prepared and available to the public in RPB offices within seven days of the session to which they refer. The minutes must contain each member's vote on any issue before the committee. The votes of each member on any issue must be put in writing and made available to the public within 48 hours, excluding weekends and holidays, of the meeting at which the votes were taken.

[Note: The Executive Assistant to the RPB does not attend RPB committee meetings. Therefore, the Committee Chair is accountable for the preparation of minutes. Executive Assistant will distribute meeting notices in compliance with FOIA, the statute, as amended, that created the SCCRWD, provided that the s/he is made aware of the need to do so in timely fashion, and reproduce materials for committee meetings and make certain duly adopted committee recommendations are distributed to members of the RPB.]

I. GOVERNANCE: AUTHORITY, ROLES AND RESPONSIBILITIES

D. JOB DESCRIPTIONS- RPB Chair, Statutory Committee Continued

6. Prepare for, attend and participate in the deliberations of the Executive Committee as a member.
7. Project positive, professional image of the RPB.
8. Advise the Chair as appropriate.
9. Undertake such assignments as shall be asked of him/her from time to time by the RPB Chair.

Qualifications

- The Chair of an RPB Committee must be a member of the RPB.

Compensation

- Compensation is fixed by statute. Duty Days are defined in RPB bylaws.

II. ETHICS AND CONFLICTS OF INTEREST

- A. Enabling Legislation: Section 17
- B. RPB Bylaws: Section 6.4
- C. RPB Members as Fiduciaries to the SCCRWA: members must (1) act in good faith; (2) act within scope of authority; (3) protect confidentiality of material obtained in executive session or pursuant to a protective order; (4) not use position for personal gain; and (5) not accept gifts or anything of value from a vendor unless such gift/item of value complies with CT law.
- D. How to handle a conflict of interest

II. ETHICS AND CONFLICTS OF INTEREST

A. Enabling Legislation: Section 17

SECTION 17.

- (a) If any member or employee of the representative policy board or of the authority is financially interested in or has any personal beneficial interest, directly or indirectly, in any proposed contract or proposed purchase order for any supplies, materials, equipment or contractual services to be furnished to or used by the representative policy board or the authority, such member or employee shall immediately so inform the representative policy board or the authority, whichever he is a member or employee of, and shall take no part in the deliberations or vote concerning such contract or purchase order. The representative policy board, as to its members and employees, and the authority, as to its members and employees, may terminate the membership or employment of any person who violates this subsection.
- (b) No member or employee of the representative policy board or of the authority shall accept or receive, directly or indirectly, from any person, firm or corporation to which any contract or purchase order may be awarded, by rebate, gift or otherwise, any promise, obligation or contract for future reward or compensation or any money or any thing of value in excess of ten dollars, provided the aggregate value of all such things provided by a donor to a recipient in any calendar year shall not exceed fifty dollars and, excluding any food or beverage or food and beverage, costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his representative, is in attendance. Any person who violates any provision of this subsection shall be fined not more than five hundred dollars or imprisoned for not more than six months or both

II. ETHICS AND CONFLICTS OF INTEREST

B. RPB Bylaws: Section 6.4

Board Transactions with Members and Employees

- (a) If any Member or employee of the Board is financially interested in or has any personal beneficial interest, directly or indirectly, in any proposed contract or proposed purchase order for any supplies, materials, equipment or contractual services to be furnished to or used by the Board, such Member or employee shall immediately so inform the Board and shall take no part in the deliberations or vote concerning such contract or purchase order. The Board may terminate the membership or employment of any person who violates this subsection.
- (b) No Member or employee of the Board shall accept or receive, directly or indirectly, from any person, firm or corporation to which any contract or purchase order may be awarded, by rebate, gift or otherwise, any promise, obligation or contract for future reward or compensation or any money or anything of value in excess of ten dollars, provided the aggregate value of such things provided by a donor to a recipient in any calendar year shall not exceed fifty dollars and, excluding any food or beverage costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his or her representative, is in attendance.

II. ETHICS AND CONFLICTS OF INTEREST

c. RPB Members as Fiduciaries to the SCCRWA

RPB Members as Fiduciaries to the SCCRWA: members must

- (1) act in good faith;**
- (2) act within scope of authority;**
- (3) protect confidentiality of material obtained in executive session or pursuant to a protective order;**
- (4) not use position for personal gain; and**
- (5) not accept gifts or anything of value from a vendor unless such gift/item of value complies with CT law**

II. ETHICS AND CONFLICTS OF INTEREST

D. HOW TO HANDLE CONFLICT OF INTEREST

- 1. Know the Rules;**
- 2. Immediately disclose;**
- 3. Recuse, abstain from discussion and vote; and**
- 4. If you have a question, ask the Chair to request an advisory opinion.**

III. HANDLING CONFIDENTIAL INFORMATION

A. RPB Policy Concerning Management of Confidential Information Coming to the RPB

- Adopted by RPB 1/20/2005
- Sets forth process for determining if info is confidential
- Sets forth process for submission of info claimed to be confidential
- Sets forth process for executive sessions
- Sets forth practical suggestions for handling confidential information

B. Protective Orders and Confidentiality Agreements

- Violation of a protective order or a confidentiality duty is a breach of fiduciary duty and may be actionable

IV. CONNECTICUT FREEDOM OF INFORMATION ACT

- C. Connecticut Freedom of Information Act (“FOIA”)
- The SCCRWA, including the RPB and all committees, are subject to FOIA.
- FOIA governs public records and meetings of public agencies.
- This is not a FOIA seminar – that would take a few hours -but I can answer FOIA specific questions if you have them.
- Please understand that as individuals, you have NO authority, NO jurisdiction and NO power to do anything on behalf of the RPB or the Authority.
- Your authority and jurisdiction comes when a quorum of the RPB or a Committee of the RPB meets at a properly noticed meeting and acts as an agency. Unless the RPB or a Committee, through a vote taken at a properly noticed meeting, authorizes one or more of its members to do something, that member has no authority.

IV. CT FOIA

- In other words, the authority of an individual is derived from sitting as a member of the RPB or one of its Committees in a properly noticed meeting and via the motion/resolution process.

A. MEETINGS

- Executive sessions: what , why and how
- No illegal meetings (including meeting by email, on social media or by text/chat)

B. PUBLIC RECORDS

- Likely more subject to disclosure than you think
- Personal voice and data accounts used to conduct agency business=fair game

RPB AND ITS COMMITTEES: ROLES & RESPONSIBILITIES; FOIA; ETHICS AND CONFLICTS OF INTEREST

Q&A: Ask Me Anything

This was a brief overview of a significant amount of material; if you want to have a follow-up discussion at a future meeting or want more detail on a particular topic, we can plan accordingly.

UNAPPROVED

**Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District
Via Remote Access**

MINUTES

Regular Meeting of Monday, May 8, 2023 at 5:00 p.m.

Members Present: Tim Slocum, Tom Clifford, Charles Havrda, V. Marino and Michelle Verderame

Member Absent: Jay Jaser

RPB Member: Mario Ricozzi

FMA Member: Kevin Curseaden

Management: Rochelle Kowalski, Dennis Donovan, and Jim Hill

OCA: Atty. Jeffrey Donofrio

Staff: Jennifer Slubowski

Chair Slocum called the meeting to order at 5:01 p.m. He reviewed the Safety Moment distributed to members.

On motion made by Mr. Havrda, seconded by Mr. Clifford, the committee voted to approve the minutes of its April 10, 2023 and April 17, 2023 meetings, as presented.

Committee members discussed the completeness, mode, and date of public hearing for the Authority's Application for the Derby Wellfield Chemical Improvements Project ("Application").

At 5:05 p.m., Mr. Curseaden entered the meeting.

Chair Slocum reported that the committee would be discussing comments to the FY 2024 proposed budget, presented by management to all RPB members last month. He stated that the OCA had submitted comments in favor of the proposed budget.

Committee members discussed RPB authority and process to adopt the budget. Mr. Ricozzi stated that all RPB members have had the opportunity to review the budget and the OCA's comments including short-term concerns and long-term growth of the capital program.

After discussion, it was the consensus of the Committee that Chair Slocum prepare comments for distribution to the Committee for review and approval to forward to the RPB for its May meeting.

The Committee discussed declining consumption, demand, consumption costs, and the value of water.

Mr. Havrda moved for approval of the following resolution for recommendation to the Representative Policy Board:

WHEREAS, the South Central Connecticut Regional Water Authority, on April 28, 2023, filed an Application with the Representative Policy Board (“RPB”) for approval of the Derby Wellfield Chemical Improvements Project (the “Application”); and

WHEREAS, the Finance Committee of the Representative Policy Board reviewed the Application and recommended that the Application be accepted by the RPB as complete; and

WHEREAS, the Finance Committee recommended that a public hearing be conducted by a Presiding Member; and

WHEREAS, the Finance Committee proposed a public hearing date of June 22, 2023 at 7:00 pm., in accordance with Special Act 77-98, as amended, and the RPB Bylaws and Rules of Practice.

NOW THEREFORE BE IT RESOLVED, that the RPB accepts the Finance Committee’s recommendation to consider the Authority’s Application and determined to hold a public hearing, to be conducted by a Presiding Member, on June 22, 2023 at 7:00 p.m., in accordance with Special Act 77-98, as amended, and the RPB Bylaws and Rules of Practice; and

RESOLVED FURTHER, that the Chairperson is hereby directed to give notice of said hearing in accordance with Section 11 of the Rules of Practice, as amended.

Mr. Marino seconded the motion. After discussion, the committee voted unanimously to approve the resolutions.

Chair Slocum reviewed the meeting attendance for the May 25, 2023 Authority meeting.

Ms. Kowalski, the RWA’s Vice President and Chief Financial Officer, reported that the RWA’s auditor, CliftonLarsonAllen, provided a proposal for the Finance Committee’s review. Ms. Kowalski will forward the proposal to Committee members for discussion at the June meeting.

Mr. Ricoszi, RPB Chair, stated that Atty. Donofrio would be doing a refresher training presentation to the RPB Committees in June. Discussion took place regarding Freedom of Information training, confidentiality, ethics, corporate governance, and the confidential document process.

The Finance Committee will meet next on Monday, June 12, 2023 at 5:00 p.m.

At 5:25 p.m., on motion made by Mr. Clifford, seconded by Mr. Havrda, and unanimously carried, the meeting adjourned.

Timothy Slocum, Chairman

REPRESENTATIVE POLICY BOARD

FINANCE COMMITTEE

Proposed Resolutions

June 12, 2023

(Finance Committee's recommendation to RPB re Authority's Application for approval to purchase the Assets of Target Two, a Confidential Plumbing Company)

WHEREAS, the South Central Connecticut Regional Water Authority, on May 30, 2023, filed an Application with the Representative Policy Board ("RPB") for approval to purchase the Assets of Target Two, a Confidential Plumbing Company (the "Application"); and

WHEREAS, the Finance Committee of the Representative Policy Board reviewed the Application and recommended that the Application be accepted by the RPB as complete; and

WHEREAS, the Finance Committee recommended that a public hearing be conducted by a Presiding Member; and

WHEREAS, the Finance Committee proposed a public hearing date of July 27, 2023 at 7:00 pm., in accordance with Special Act 77-98, as amended, and the RPB Bylaws and Rules of Practice.

NOW THEREFORE BE IT RESOLVED, that the RPB accepts the Finance Committee's recommendation to consider the Authority's Application and determined to hold a public hearing, to be conducted by a Presiding Member, on July 27, 2023 at 7:00 p.m., in accordance with Special Act 77-98, as amended, and the RPB Bylaws and Rules of Practice; and

RESOLVED FURTHER, that the Chairperson is hereby directed to give notice of said hearing in accordance with Section 11 of the Rules of Practice, as amended.



May 5, 2023

Proposal to provide professional
audit services to:

South Central Connecticut Regional Water Authority

Prepared by:

David Flint, CPA, MSA, Principal

david.flint@CLAconnect.com

Direct 860-570-6379

[CLAconnect.com](https://www.claconnect.com)

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://www.claglobal.com/disclaimer).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.





CliftonLarsonAllen LLP
CLAconnect.com

May 5, 2023

Via email submittal only

Ms. Rochelle Kowalski, Vice President & Chief Financial Officer
South Central Connecticut Regional Water Authority
90 Sargent Drive
New Haven, CT 06511
rkowalski@rwater.com

RE: Request for Proposals (RFP) for Annual Auditing Services

Dear Ms. Kowalski:

Thank you for inviting us to propose our services to you. CLA (CliftonLarsonAllen LLP) gladly welcomes the opportunity to share our approach to continue helping South Central Connecticut Regional Water Authority (the Authority) meet its need for professional services. The enclosed proposal responds to your request for audit services for the fiscal years ending May 31, 2024 through 2028.

We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the Authority's consideration:

- **Industry-specialized insight and resources.** As one of the nation's leading professional services firms, and one of the largest firms who specialize in regulated industries, CLA has the experience and resources to assist the Authority with their audit needs. In addition to your experienced local engagement team, the Authority will have access to one of the country's largest and most knowledgeable pools of regulated industry resources.
- **OMB Uniform Guidance (UG) experience.** CLA performs single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. The single audit requires a specific set of skills to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
- **Strong methodology and responsive timeline.** In forming our overall audit approach, we considered our experience performing similar work for other governmental accounting clients. Our local government clients are included amongst the more than 4,100 governmental organizations we serve nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs as a governmental entity in Connecticut. The work plan also minimizes the disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.
- **Communication and proactive leadership.** The Authority will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the Authority and take an active role in addressing them.

- **A focus on providing consistent, dependable service.** We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the Authority will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

Verification statements

I, David Flint, your engagement principal-in-charge, will serve as the Authority's primary contact person for this engagement. Furthermore, as a principal of CLA, I am authorized to sign, bind, and commit the firm to the obligations contained in this proposal.

We are confident that our technical approach, insight, and resources will result in unsurpassed client service for the Authority. We are eager to continue our work with you and welcome the chance to present our proposal to the selection committee or entire management team. If you have any questions about our offerings, please do not hesitate to contact me via the information below.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in blue ink, appearing to read 'D Flint', is positioned above the typed name and title.

David Flint, CPA, MSA

Principal

860-570-6379

david.flint@CLAconnect.com

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Executive Summary

Why choose CLA?

With CLA by your side, you can find everything you need in one firm. We know your industry, and we know you.

We have strong leadership and talent, commitment, and enthusiasm to provide our governmental clients excellent service in a cost-effective manner. We commit to providing you a high level of personalized, responsive service. Communication is as important to us as it is to you.

Support at every turn

You can expect:

- **A proposed team of professionals carefully-selected for compatibility with the Authority's needs and circumstances** — Your service team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time assisting similar clients with financial, regulatory, and information security matters.
- **Diversity, equity, and inclusion (DEI)** — We are dedicated to building a diverse, equitable, and inclusive culture that thrives on different beliefs and perspectives. Our DEI team identifies strategies that foster and support the many dimensions of diversity within the firm. When we embrace an inclusive culture, we can truly know and help each other and our clients — that's how we create opportunities together.
- **Commitment to the community** — CLA family members bring meaningful social impact through volunteer efforts, charitable contributions, service on boards, and a focus on sustainable practices. Our community engagement team is bolstered by the diversity and inclusion team and the CLA Foundation — a philanthropic organization that has awarded more than \$7 million to advance career opportunities in communities across the nation.
- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team can minimize disruption to your staff and enable timely completion of all deliverables.
- **Experience and continuity** — Each engagement team member has in-depth experience in governmental accounting and auditing. We commit the necessary resources to continue providing quality client service and timely report delivery. We have an extensive local and national practice from which to draw resources.
- **We know you!** — We know and understand the Authority. By providing services to you in the past, we have established an understanding of your organization. The work we've performed provides your project with momentum even before we begin the engagement. We don't have to learn about your core operations, we know them well.



Innovation at CLA

Artificial intelligence, machine learning, cryptocurrencies, and other technologies are disrupting the way we all do business. Disruption creates the need for innovation; innovation is an opportunity to improve the way we do our work and interact with you. Our entrepreneurial culture requires us to embrace change wherever we find it, learn from it, and create solutions designed to make interactions easier, more transparent, and more seamless.

We use a combination of technical and non-technical means to improve efficiency, enhance quality, and make your experience better.

As your company continues to innovate, we're doing the same by continually increasing our knowledge of you and understanding of your industry so we can help you address the business issues you face.



Innovation at CLA is a purposeful approach to problem-solving that transforms technology into better experiences for our clients.



The CLA Seamless Assurance Advantage

The CLA Seamless Assurance Advantage (SAA) is an innovative approach to auditing that utilizes leading technologies, analytics, and audit methods to help solve client problems and create a seamless experience.



A different approach

SAA is unlike any conventional audit process. SAA does not depend on physical location. It reduces the time our professionals spend on site, creates fewer disruptions, enables more efficient use of resources (yours and ours), and allows for more impactful interactions with your people.



Insights through analytics

CLA uses strategic data analysis to examine whole data sets to gain a deeper understanding of your organization. Insights that were once impossible can now come into focus to help you measure performance, enhance strategic decision making, and understand your competitive opportunities.



Effective technology

CLA embraces technologies that help solve client problems and create a seamless experience. Assurance Information Exchange (AIE) is a web-based application developed by CLA to digitally request and obtain audit documents through a secure and efficient online portal.

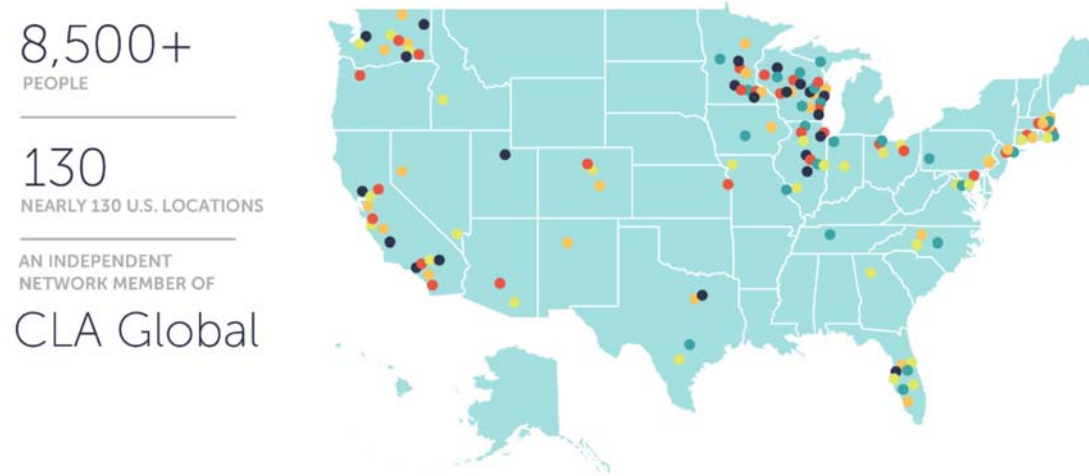


Firm Overview

Create opportunities

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 8,500 people in nearly 130 U.S. locations and a global vision, we promise to know you and help you.



It takes balance

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.

For two consecutive years, CLA has been certified as a Great Place to Work[®], based on employee feedback and workplace experience.



What makes us different?

You can depend on CLA for several uncommon advantages:



Deep industry specialization

Our people are, first and foremost, industry practitioners. You will work with professionals who know you, your organization, and your industry. We combine their knowledge with yours to make you stronger.



Seamless, integrated capabilities

We offer planning and guidance from startup through succession, with a particular care for the people behind the enterprise. Your team connects with a broad network of resources behind the scenes to support you.



Premier resource for governmental entities

You are at the core of our strategic focus because supporting you means a better world for all of us.



Inspired careers

Our team members are personally invested in your success. You will work with entrepreneurial people who are constantly developing capabilities to help you meet any challenge you face.



For more information about CLA, visit CLAconnect.com/aboutus.



Understanding Your Industry

Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides the Authority the confidence in their decision to select CLA as their professional service provider.

With more than 550 professionals dedicated to our state and local government practice, CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,200 governmental clients nationwide, including more than 120 in Connecticut. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the governmental services team members are well versed in the issues critical to complex governmental entities.

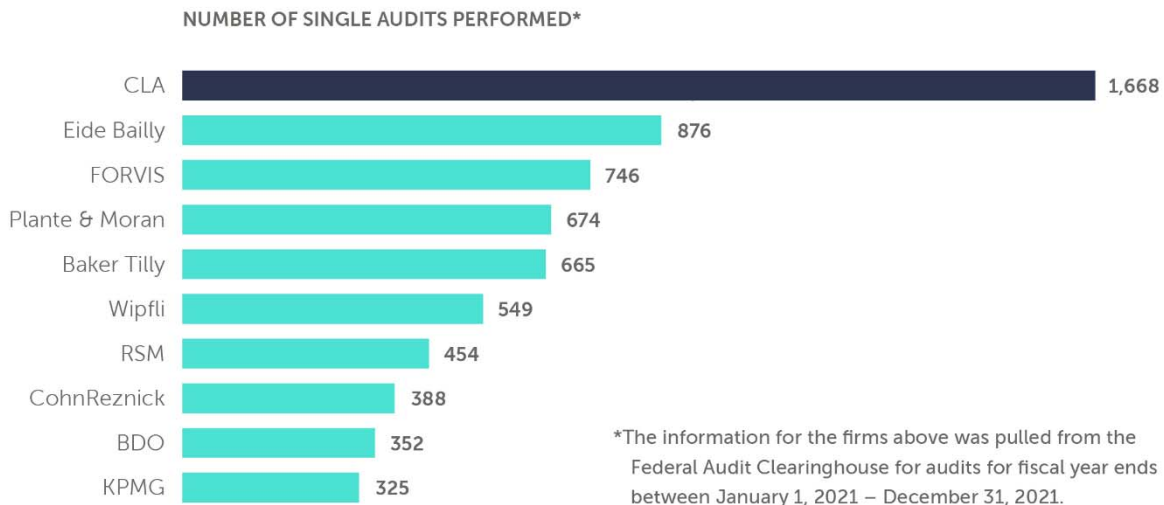
Our professionals have deep, technical experience in serving similar entities. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.



We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the Authority will benefit from working with members of our state and local government services team who understand the issues and environment critical to governmental entities.

Single audit experience

The chart below illustrates CLA's experience in serving organizations that receive federal funds and demonstrates our firm's dedication to serving the government and nonprofit industry. **CLA performs the largest number of single audits in the United States. We audited nearly \$278 billion dollars in federal funds in 2021.**



It is more important than ever to find qualified auditors who have significant experience with federal grants specific to the Authority and can enhance the quality of the Authority's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's *Uniform Guidance* and who can offer both knowledge and quality for the Authority. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

Single Audit Resource Center (SARC) Award

CLA received the [Single Audit Resource Center \(SARC\) Award](#) for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey.



The survey queried more than 9,500 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2020 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

You'll need an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved and will benefit from CLA's experience in this area.



Utilities experience

Our work with municipal governments has provided our professionals with extensive experience dealing with utility departments. Most often, this work is done as part of the audit of the municipality. In fact, several of our municipal clients routinely request our assistance with adjusting utility user rates (water, sewer, electric, other service charges).



CLA serves more than 40 power agencies, electric distribution cooperatives, and other public utilities across the country, a sampling of which we have provided below. We are accustomed to performing audits and handling the distinct challenges of the energy industry. We will provide interpretative guidance resulting from new state or federal legislation that may impact the Authority.

Clean water/drinking water clients

The below table demonstrates CLA’s experience in auditing Clean Water and/or Drinking Water Programs within the SRF program.

Clean Water and/or Drinking Water within SRF clients	
Client Names	Services provided
State of Vermont	CLA worked with the State of Vermont on the Special Environment Revolving Fund. We consulted with the region and the state converting the financial statement to an enterprise presentation.
Kansas Department of Health & Environment Public Water Supply Loan Fund and Water Pollution Control Revolving Fund	CLA audited the Kansas Department of Health & Environment Public Water Supply Loan Fund and Water Pollution Control Revolving Fund for the year ended June 30, 2014 to present. This engagement includes both the audit of the basic financial statements as well as the compliance audit of the federal funding received from the EPA.
Office of the Inspector General of U.S. Environmental Protection Agency	CLA also consulted with the Office of the Inspector General of United States Environmental Protection Agency, in the preparation of the Audit Guide for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs.
State of New Hampshire	CLA worked with the State of New Hampshire by consulting with the region in negotiations with the State regarding an enterprise fund audit of the program. Our consultation services included differences between an audit in accordance with Generally Accepted Auditing Standards, Generally Accepted Government Auditing Standards, and a Single Audit. Our negotiations included defining differences between the program presented as part of the State’s general fund in its ACFR and an unaudited enterprise fund presentation included in the program’s annual report submitted to the region.
State of Illinois	CLA worked with the State of Illinois on the Clean Water and Drinking Water State Revolving Fund. We consulted with the region and the state on reporting and presentation of these funds.
The Cadmus Group	CLA worked with The Cadmus Group in preparing guidelines for policies and procedures for Drinking Water State Revolving Funds.
State Revolving Fund	CLA also has prepared and created a SRF sub recipient monitoring checklist. The following four checklists were created: <ul style="list-style-type: none"> • An all-inclusive and detailed check list for the sub recipient level. • A shortened version of the list.

Clean Water and/or Drinking Water within SRF clients

Client Names	Services provided
	<ul style="list-style-type: none"> • A checklist for the state to use to determine that sub recipients are complying. <p>A checklist at the EPA regional level used by the regions to determine the state agencies are complying.</p>
Environmental Protection Agency	<p>CLA worked with the EPA to develop and present training courses related to the proper accounting for SRF programs, including:</p> <ul style="list-style-type: none"> • Financial Management Oversight Workshop • CIFA SRF Workshop • EPA Region 3 State Revolving Fund Specialist Act Appropriation Projects Workshop • EPA Region 6 SRF Workshop SRF Financial Training - presented to 9 regions.



Public utilities clients in Connecticut

Below is a listing of similar public utilities clients that CLA serves in Connecticut. Reference information is available upon request.

- Connecticut Municipal Electrical Energy Cooperative
- Town of Wallingford – Water, Sewer, and Electric Department
- Eversource
- Norwich Public Utilities
- F & G LLC d/b/a F & G Recycling LLC
- City of Waterbury Bureau of Water and Water Pollution Control
- Iroquois Gas Transmission System, L.P.
- City of Bridgeport – Water Pollution Control Authority
- Metropolitan District Commission
- Murphy Road Holdings, Inc.
- Rural Fuels
- Superior Energy, LLC
- USA Hauling & Recycling Inc.
- USA Waste and Recycling Inc.
- City of Groton Water and Electric Department
- Town of Tolland Water and Sewer Department
- City of Meriden Water and Sewer Department
- Town of Waterford Utility Commission

Our continuous growth in working with the government sector has come about because we continually provide assistance to our clients in meeting their objectives.



Thought leadership and industry information

CLA goes beyond the numbers and offers value-added strategies. Rest assured, you will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer. You can register for our webcasts and find our extensive resource library on our website, [CLAconnect.com](https://www.claconnect.com).



Additional services

In addition to the services outlined in the *Scope of Services* for this proposal, CLA collectively offers a wide breadth of highly customized services and capabilities to meet our clients' wants and needs, including a sampling of the following:

- Financial statement and forensic audits
- Internal audit, risk assessments, and evaluations
- Implementation assistance for complex accounting standards
- ACA Reporting
- Operational and financial systems consulting
- Operations and performance improvement
- Self-insured medical and PBM claim audits
- IT security and network vulnerability assessments
- Fraud risk assessment and investigations
- Strategic, financial, and operational consulting
- Outsourced accounting and public administration
- Strategic, business, and capital planning
- Organizational and financial health assessment
- Training and educational seminars
- Telecom cost savings assessments
- GASB Standard Implementation

We pride ourselves on taking the initiative to meet each and every need of our clients, and therefore are always prepared to take on additional projects. However, independence is our first concern when providing additional services. Independence can easily become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed.

If additional work is requested by the Authority outside of the scope of the audit, we will discuss with you our proposed fee for additional services prior to beginning the new services.

Participation in quality improvement programs

We work with governmental entities across the country, and our exposure to the circumstances and issues that affect your industry will allow us to serve you with exceptional knowledge and insight. We understand the specific needs and challenges that regulated industries face and have been serving clients similar to the Authority for decades.

We are actively involved in and/or are members of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- AICPA's State and Local Government Expert Panel
- AICPA's Government Audit Quality Center (GAQC)
- Government Finance Officers Association (GFOA)
- Special Review Committee for the GFOA's
- Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- AICPA Single Audit Quality Task Force
- Association of Government Accountants



Our participation in the aforementioned professional organizations, combined with various other technical services we subscribe to, allows us to be at the forefront of change in the government environment. We take seriously our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards, and laws and regulations.

GASB insight potentially affecting current and future audits

CLA has one of the largest governmental audit and accounting practices in the country. As a result, we are intimately involved in the review, development, and implementation of new standards promulgated by GASB. Additionally, we have members of our government services team that participate in the AICPA State and Local Government Expert Panel. These individuals are involved in the process of reviewing and updating the AICPA’s State and Local Government Audit and Accounting Guide.

Our significant knowledge of technical issues and GASB pronouncements will be especially beneficial to the Authority. The below are recent issues and pronouncements which may have a future impact on the audits and financial statement of the Authority. We will proactively work with the Authority to address the reporting and auditing impact of each pronouncement or issue in advance of the implementation date. In the months just prior to the due date of this proposal, the GASB decided to extend the implementation of all pending new standards to 2021 or beyond.

GASB – Recent and Pending	
Description of Statement	Potential Impact on the Authority
<p>GASB 87 – Lease Adoption – Requires recognition of certain lease assets and liabilities for leases that were previously classified as both capital and operating leases and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.</p>	<p>The requirements of this statement are effective for periods beginning after June 15, 2021. Earlier application is encouraged. It will affect the Authority to the extent that all Lessee and Lessor agreements will need to be recorded in the financial statements.</p>
<p>GASB Statement 91 – Conduit Debt Obligations – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.</p>	<p>The requirements of this statement are effective for reporting periods beginning after December 15, 2021. This statement will impact the Authority’s financial statements to the extent of the occurrence of conduit debt obligations.</p>



GASB – Recent and Pending

Description of Statement	Potential Impact on the Authority
<p>GASB Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement distinguishes the various types of PPP's and provides guidance related to accounting and disclosure for the arrangements.</p>	<p>The requirements of this statement are effective for years beginning after June 30, 2022. Earlier application is encouraged. It will affect the Authority to the extent that the Authority has or intends to enter into PPP arrangements.</p>
<p>GASB 96 – Subscription Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.</p>	<p>The requirements of this statement are effective for periods beginning after June 15, 2022. Earlier application is encouraged. It will affect the Authority to the extent that it uses subscription-based information technology (e.g., software).</p>
<p>GASB Statement No. 99, Omnibus 2022 - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.</p>	<p>The requirements of this Statement have various effective dates for fiscal years beginning after June 15, 2022 and 2023, and all reporting periods thereafter.</p>
<p>GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.</p>	<p>The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.</p>
<p>GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by</p>	<p>The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting</p>



GASB – Recent and Pending

Description of Statement	Potential Impact on the Authority
aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.	periods thereafter. Earlier application is encouraged.

The following are some of the current projects being conducted by GASB that may impact the Authority in the future:

Future Pronouncements and Projects

Description of Project	Current Status
Revenue and Expense Recognition – The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that has not been specifically addressed in the current literature.	Currently in the preliminary views redeliberations stage.
Conceptual Framework – Recognition – This project may affect financial statements in the future. The objective of this project is to develop recognition criteria for whether information should be reported in state and local government financial statements and when that information should be reported.	Currently in the exposure draft redeliberations stage.
Financial Reporting Model – The objective of the project is to make improvements to the financial reporting model including GASB Nos. 34, 35, 37, 41, 46, and Interpretation No. 6. The improvements would be to enhance the effectiveness of the model in providing information essential for decision-making, enhance the ability to assess a government’s accounting, and address certain application issues.	Currently in exposure draft redeliberations stage.
Risk and Uncertainties Disclosures – Current note disclosure requirements focus on various risks faced by state and local governments, such as those associated with financial instruments, including deposits, investments, securities lending, and derivatives as well as risk retention, including risk pools. This project would address risks relating to the nature of operations, estimates, and vulnerability due to certain concentrations.	Currently in the exposure draft redeliberations.
Implementation Guidance Update—2023 – The objective of this project is to update implementation guidance for additional issues that come to the attention of the staff. This project will result in the issuance of an Implementation Guide when sufficient need exists for	Currently in the exposure draft redeliberations.



Future Pronouncements and Projects

Description of Project	Current Status
<p>new or improved guidance and the Board does not object to its issuance. All updates are incorporated into the Codification of Governmental Accounting and Financial Reporting Standards and the Comprehensive Implementation Guide, as appropriate.</p>	
<p>Going concern uncertainties and severe financial stress – The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government’s exposure to severe financial stress is necessary to disclose.</p>	<p>Currently in initial deliberations</p>
<p>Classifications of Nonfinancial Assets – The objective of this project would be to reconsider the existing classification of nonfinancial assets and other related sub-classifications (for example, capital assets or intangible assets) to ensure that (1) assets are classified in a way that provides the most relevant financial information and (2) the definitions of the classifications are understandable and appropriate to meeting financial reporting objectives. The project also will consider how any classification changes would affect financial statement presentation and disclosure of nonfinancial assets. The project will not, however, reexamine recognition or measurement of nonfinancial assets.</p>	<p>Currently in initial deliberations</p>



Services Approach

Seamless assurance advantage: a different way to audit

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

Our industry experience makes it easier – CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your business toward success.

Your time has value – We recognize that you and your teams' day is filled with competing priorities and constant distractions. We elevate your experience by utilizing a variety of communication mediums, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These mediums provide ultimate flexibility so that you can choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and isn't dependent upon any physical locations.

No transition issues

Familiarity. As a current beneficiary of CLA's services, your organization can benefit from the high caliber and consistent services provided by CLA. By working alongside some of the familiar faces from past services, CLA will continue to strive to help increase your organizations productivity and meet your goals.

No surprises – We provide the Authority with a **no surprises** approach to our services, based on frequent and timely communication and clarity around roles and expectations. If and when issues arise during the course of your audit, we engage the right people in a frank discussion to resolve them.

Significant involvement of principals and managers – Because our principals and managers/directors are directly involved in your engagement, we can proactively identify significant issues and resolve them with your management. We believe that your time is best spent with key decision makers so that you can ask clarifying questions, discuss organizational strategies, and navigate sensitive reporting issues.

We tailor the audit just for you – While our audit programs provide typical approaches for given audit areas, CLA designs a client-specific, risk-based audit approach for each client. We use custom, industry-tailored programs, procedures, and tools that are designed specifically to focus on the issues that are applicable to you.

You'll learn about what we're doing and what we've found in plain, everyday language. We believe our services can contribute to better business and administrative practices. By working closely with your staff, CLA continuously learns about your organization. This involvement enables us to offer you recommendations for improvements in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We act

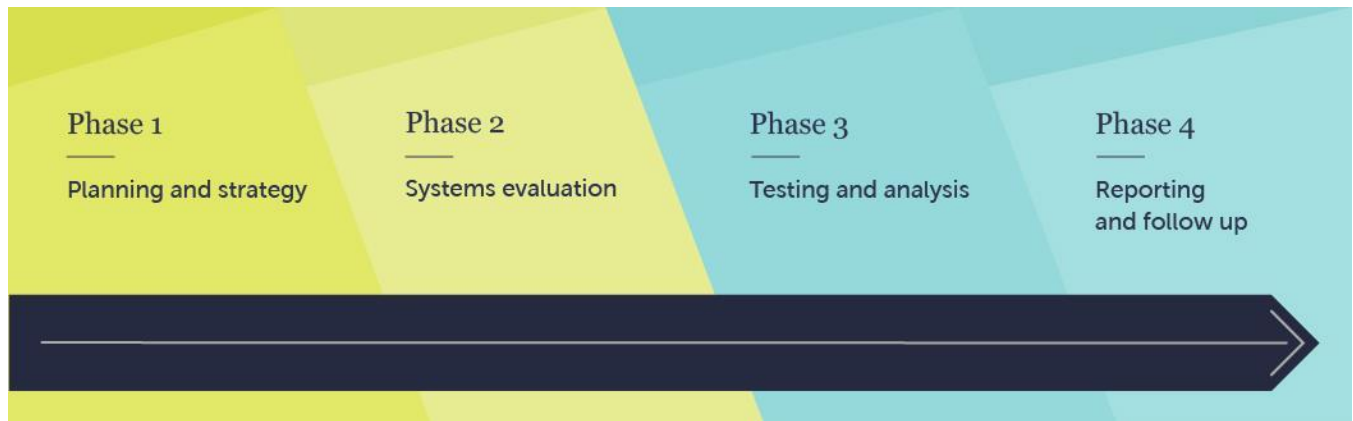


within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

Year-long support – We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

Financial statement audit approach

We will conduct our audit in four primary phases, as shown below.



Phase 1: Planning and strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We are able to accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the Authority – David Flint and staff will meet with Authority personnel to mutually agree on an outline of responsibilities and timeframes. The agenda will include but not be limited to the following:
 - Establish audit approach and timing schedule
 - Assistance to be provided by Authority personnel
 - Application of generally accepted accounting principles
 - Initial audit concerns
 - Concerns of the Authority’s management
 - Establishment of report parameters and timetables
 - Progress reporting process
 - Establish principal contacts
- Gain an understanding of the operations of the Authority, including any changes in its organization, management style, and internal and external factors influencing the operating environment. We utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, financial, and other management information systems
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff

- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using TeamMate Analytics, our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the Authority, and establish mutually agreed upon deadlines

We will document our planning through preparation of the following:

- **Entity Profile.** This profile can help us gain an understanding of the Authority activities, organizational structure, services, management, key employees, and regulatory requirements.
- **Preliminary Analytical Procedures.** These procedures can assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results and can be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General Risk Analysis.** This contains our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- **Account Risk Analysis.** This document contains the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by Client Listing.** This document contains a listing of schedules and reports to be prepared by Authority personnel with due dates for each item.
- **Assurance Information Exchange.** CLA utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for all of the items CLA is requesting. Additionally, clients can attach electronic files and add commentary related to the document requests directly on the application.

One of the key elements in the planning of this audit engagement will be the heavy involvement of principals and managers. We clearly communicate any issues in a timely manner and are in constant contact with the Authority as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. Utilizing the information we have gathered, and the risks identified, we produce an audit program specifically tailored to the Authority. This program details, by major section, the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

Phase 2: Systems evaluation

During the systems evaluation phase, we gain an understanding of the internal control structure of the Authority for financial accounting and relevant operations. Next, we identify control objectives for each type of control that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We test controls over certain key cycles. One audit efficiency initiative is to rely heavily on internal controls when appropriate, and to creatively look at internal control testing to make it as efficient as possible. This means



not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews, and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts, and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls can determine whether the Authority has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we also perform a review of general and application Information Systems (IS) controls for the **applications** that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we can gain an understanding of the Authority's operations by reviewing its current controls and control objectives as documented and can also review prior years' audit work and the status of corrective actions.

Based on our preliminary review, we perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we can gather sufficient evidence to support appropriate findings and provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

Phase 3: Testing and analysis

The extent of our substantive testing is based on results of our internal control tests. It has been our experience that governmental entities, like the Authority, often have a system of internal controls that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.



Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we use TeamMate Analytics to efficiently control and select our samples.

Our workpapers during this phase clearly document our work as outlined in our audit programs. We also provide the Authority with status reports during the audit fieldwork. As in all phases of the audit, we will be in communication with the Authority to determine that all identified issues are resolved in a timely manner. We also hold a final exit conference with the Authority to summarize the results of our fieldwork and review significant findings.

Phase 4: Reporting and follow up

Reports to management include oral and/or written reports regarding:

- Independent Auditors' Report
- Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*
- Management Letter
- Written Communication to Those Charged with Governance, which includes the following areas:
 - Our responsibility under auditing standards generally accepted in the United States of America
 - Changes in significant accounting policies or their application
 - Unusual transactions
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing the audited financial statements
 - Disagreements with the Authority
 - The Authority's consultations with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit
 - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that starts while the fieldwork is in process, our opinion, the financial statements, and management letter is issued.

The Authority is provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter includes items noted during our analysis of your operations.



We can also make a formal presentation of the results of the audit to those charged with governance of the Authority, if requested.

Single audit approach

The OMB's *Uniform Guidance* (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes could impact their entity. CLA professionals are available to provide guidance and tools tailored to the Authority's needs, and to assist in compliance with these rules.

The AICPA clarified auditing standard, AU-C 935 "Compliance Audits", requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We conduct our single audit in three primary phases, as shown, below:



Phase 1: Risk assessment and planning

The risk assessment and planning phase encompasses the overall planning stage of the single audit engagement. During this phase, we work closely with the Authority's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we can identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the *Uniform Guidance*
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps

- Based on our determination of the major programs, we obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit

Phase 2: Major program testing

We determine the programs to be audited based on the risk assessment performed in the planning phase. We perform the audit of the programs in accordance with *UG*.

To accomplish this, we perform the following:

- Schedule an introductory meeting and notify the Authority's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

Phase 3: Final assessment and reporting

We re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we perform the following:

- Identify Type A and significant Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with the Authority's management to review drafts of required reports:
 - Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
 - Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

Throughout the single audit, we maintain communication through periodic progress meetings with those designated by the Authority. These meetings will be on a set schedule, but as frequently as the Authority determines. During these meetings, we discuss progress impediments and findings as they arise.

Commitment to communication with management

We are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement, and throughout the remainder of the year. We believe effective communication is critical to a successful



engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

During the engagement, we hold regular status meetings with the Authority to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communications, both written and oral, which are ongoing, relevant, and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA's audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA's data methodology is a six-phase, systematic approach to examining an organization's known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our *Risk Assessment, Data Analytics and Review* ("RADAR") is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations assist in identifying anomalies and significant audit areas to appropriately assess risk.



3. Data acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems serve as the foundation necessary to prepare our draft data request list. We initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges or obstacles related to obtaining data, or obtaining data in the preferred format, they can generally be discovered at this point.

4. Technical data analysis

Technical analysis of the data *requires* the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is “normal” and, in turn, be better suited to spot anomalies, red-flags and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.

5. Interpret results and subsequent risk assessment

Trends and anomalies can be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures is considered.

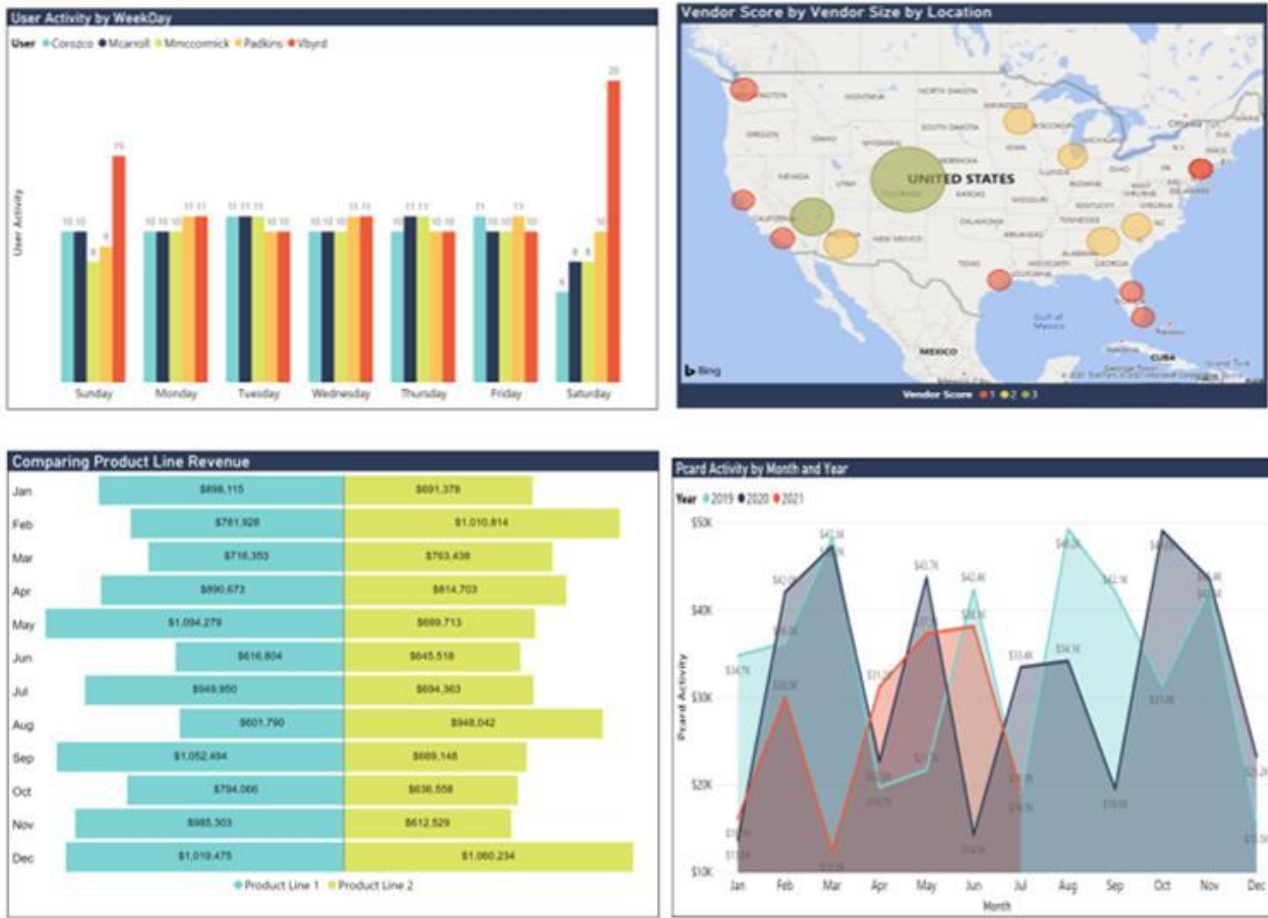
6. Response and document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions



The below figure illustrates typical data analytics scenarios.



Data analytics – At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.



Procedures used to understand internal processes and controls

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has established a framework for internal control systems. Under the COSO framework, internal control is a process to provide reasonable assurance that those internal objectives, including effectiveness and efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations, will be met, if applicable.

Our audit approach is designed to evaluate and walk through the departmental internal controls in accordance with COSO concepts. Our procedures include a review of the overall control environment, determination of the adequacy of those procedures, and a walk through of the procedures to determine if they are functioning as designed.

During the planning and internal control phases of our audit, we will develop our understanding of the Authority business operations and internal control structure for financial accounting and relevant operations through observation, discussion, and inquiries with management and appropriate personnel. During this phase of the audit, we will review budgets and related materials, organization charts, accounting and purchase manuals, and other systems of documentation that may be available.

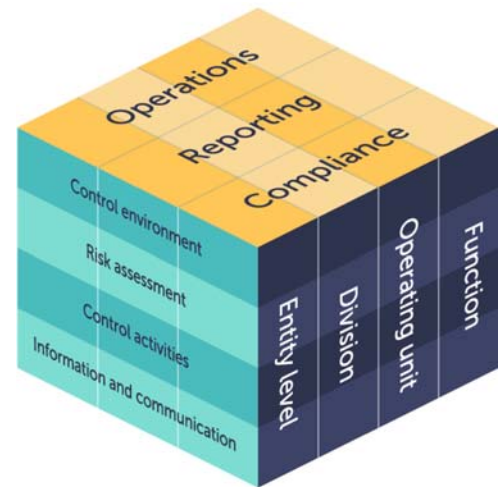
Once we understand your operations, we will then identify control objectives for each type of control that is material to the financial statements. The next step will be to identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. We will then determine the nature, timing, and extent of our control testing.

Sample size and statistical sampling

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These AU-C Section 530 – “Audit Sampling” forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Sample sizes vary depending on the nature of the testing (compliance versus substantive) and the size of the population being sampled. Sampling techniques are utilized in compliance and internal control testing, as well as substantive testing of certain asset and liability account balances. Sample sizes used for internal control testing depend on several factors, namely the number of expected or actual control deviations, size of population, and level of control assurance anticipated. Sample sizes can range from 20 to 90 possible selections.

To illustrate, if no internal control deviations are anticipated and the frequency of the population (i.e., the number of times the control is performed in a given year) is less than 100, then we test 20 transactions in order to obtain moderate control assurance. If 2 internal control deviations are anticipated, and the frequency of the population is greater than 200, then we test 90 transactions in order to obtain low control assurance. We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.



Approach to be taken in drawing audit samples for purposes of tests of compliance

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, regarding sample selection, we generally utilize representative sampling for internal control and compliance tests, including those related to single audit compliance. Samples can also be used in conjunction with other tests of compliance.

In general terms, sample sizes for compliance and controls testing obtained via our guidance usually fall into categories of 25, 40, or 60 depending on circumstances. Where the population being tested is less than 100 items, we use the 20%, 30%, or 40% of the population depending on our control risk assessment.

We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

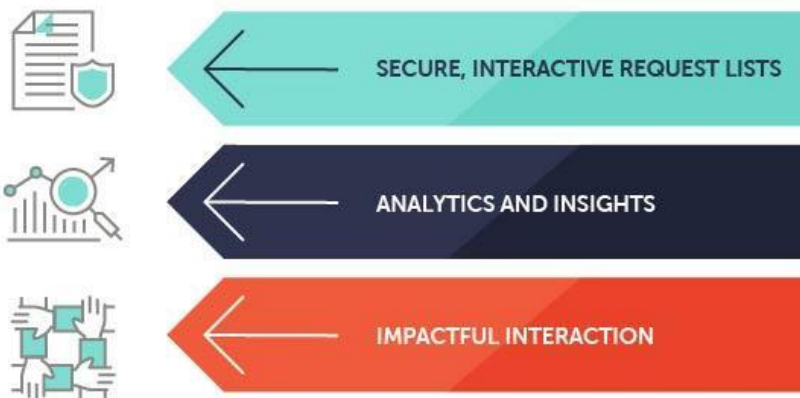
Approach to be taken in determining laws and regulations that are subject to audit test work

We obtain an understanding of the laws and regulations that have an impact on the Authority's operations by reviewing council minutes to identify any ordinances or resolutions that might have an impact to operations and reporting by the Authority, as well as interview key personnel and management of the Authority. Additionally, the staff assigned to the engagement attend regular trainings and are well versed in upcoming legislation and federal and state laws (i.e., *Uniform Grant Guidance*) and also proactively discuss these upcoming changes with our clients.

We can also review current operations, contracts and IGA's that may have an impact on current operations.

Use of technology in the audit

We're reimagining the audit process through technology to elevate your experience!



Assurance Information Exchange – CLA offers a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including

due dates for items that CLA requests. Additionally, the application allows clients to attach electronic files and add commentary related to the document requests directly on the application. AIE is provided at no additional cost, subject to the terms of the Assurance Information Exchange Portal Agreement.

TeamMate Analytics and Expert Analyzer (TeamMate) – To analyze and understand large data sets, we use TeamMate Analytics and Expert Analyzer. We customize the application by industry to perform the most applicable procedures. This allows us to go beyond sampling and instead analyze the entire general ledger for targeted anomalies. Far beyond the audit application, our six-phase process of Risk Assessment, Data Analytics and Review (RADAR) can also provide actionable insights to help you understand your entity better.

Microsoft® Teams – Our services approach focuses on impactful interactions. We’ve said goodbye to the days of setting up camp in our clients’ conference rooms for weeks on end. We know our clients have organizations to run, so our interactions have purpose. To assist with communications when we are not onsite, we utilize tools such as Microsoft Teams, which allow for two-way screen sharing and video. We’ve found this helps minimize disruptions in our clients’ environments while continuing to effectively communicate with each other.

Engagement timetable

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain that the services are completed based on your requirements. The plan may also be amended during the year based on input from the audit committee.

Significant Milestones	Target Dates
Entrance conference	March
Interim audit work begins	Late April
Field audit work begins	Mid July
Draft reports	Early September
Presentation to board/management	Late September



Engagement Team Experience

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and can commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:



The most important resource any business has is people – *the right people.*

Engagement Team Member	Role	Years' Experience
<p>David Flint, CPA, MSA, Principal <i>Engagement principal</i></p>	<p>David will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. David is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.</p>	<p>13+</p>
<p>TBD <i>Engagement manager</i></p>	<p>For the 2024 audit, the engagement manager will act as the lead manager on the engagement. In this role, the manager will assist the engagement principal with planning the engagement and performing complex audit areas. They will perform a technical review of all work performed and is responsible for the review of comprehensive annual financial report and all related reports.</p>	<p>TBD</p>
<p>Gabriel Epstein, CPA, Senior <i>Engagement senior/in-charge</i></p>	<p>Gabriel will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.</p>	<p>3+</p>
<p><i>Additional Staff</i> – We will assign additional staff to your engagement based on your needs and their experience providing services to state and local governments. Ideally, the staff assigned to your team will be from our Connecticut offices with state and local government as their industry focus at CLA.</p>		

Detailed biographies are available in the **Appendix** of this proposal.



Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. We are also flexible in exploring alternative strategies to non-mandatory rotation policies, including rotating both managers and principals every five years to provide a new set of eyes.

In any business, however, turnover is inevitable. If and when it happens, we can provide summaries of suggested replacements and can discuss re-assignments prior to finalizing. We have several qualified staff members to provide the Authority with quality service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.



Additional Information

Certificate of achievement assistance

The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting is awarded to state and local governments that go beyond the minimum requirements of generally accepted accounting principles. It is awarded to state and local governments who produce a comprehensive annual financial report that evidences the spirit of transparency and full disclosure. Members of the GFOA staff and the GFOA Special Review Committee (SRC) review reports submitted to the ACFR program.

Our involvement with clients in the GFOA Certificate program helps to determine that we are on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for compliance with program requirements. We have aided clients in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements which will affect them and will do the same for the Authority.

The table below identifies the professionals who are currently members of the GFOA Special Review Committee together with their length of service with the Committee:

Name	Title	Location	Years Served
Robert J. Callanan, CPA	Principal	Irvine, CA	5+
Julie S. Fowler, CPA	Signing Director	Sebring, FL	10+
Richard Gonzalez, CPA	Principal	Roseville, CA	10+
Michelle Hoffman, CPA	Principal	Minneapolis, MN	6+
Christopher Kessler, CPA	Principal	Fort Myers, FL	2+
Christopher G. Knopik, CPA, CFE	Principal	Minneapolis, MN	7+
Jacob S. Lenell, CPA	Principal	Milwaukee, WI	12+
Daphnie Munoz, CPA	Principal	Irvine, CA	5+
Remi Omisore, CPA	Principal	Baltimore, MD	11+
Nitin Patel, CPA	Principal	Irvine, CA	5+
Jeffrey Peek, CPA	Manager	Roseville, CA	4+
Sue Pessano, CPA	Director	Tampa, FL	1+
Shannon D. Small, CPA, MPA	Signing Director	Wauwatosa, WI	3+
Miranda Wendlandt, CPA, CFE	Principal	Alexandria, MN	5+



Firm independence

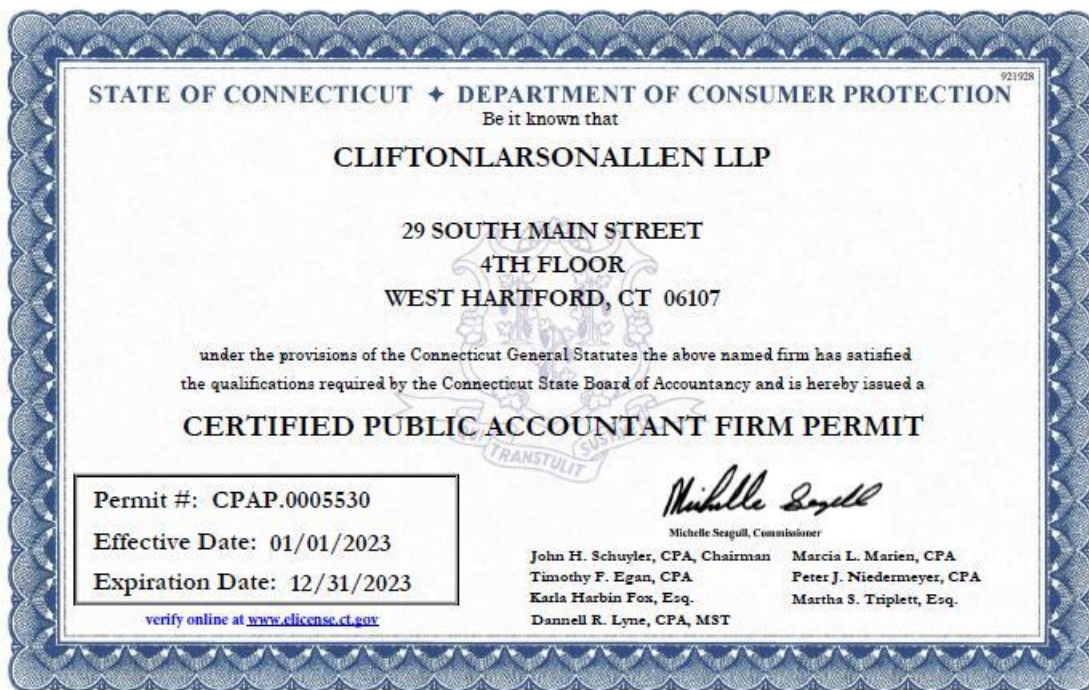
CLA has been the Authority's auditors since 2010. As such, we are required to maintain our independence (both in substance and appearance). We are not presently aware of any current or potential relationships or conflicts of interest with the Authority or its affiliates or component units that may threaten our independence.

Principal and manager/director rotation

Staff rotation on succeeding audits can provide a fresh look at the Authority's business operations, information systems, and financial and risk management policies and procedures. We match our staff and experience levels with the individual needs of the client. CLA follows quality control standards as prescribed by the AICPA. We believe changes can bring innovative ideas, creative approaches, and fresh opportunities. We are also flexible in exploring alternative strategies to non-mandatory rotation policies. While it is not our policy to rotate the engagement team management, we do have the national governmental resources to offer additional involvement or bring in other members of our firm as necessary.

License to practice

CLA is duly licensed to practice public accountancy in Connecticut. A copy of our state license is provided below:



Professional Fees

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added strategies. We propose to provide routine, proactive quarterly meetings — as part of our fee — that will allow us to review and discuss with you the impact of new accounting issues, as well as any other business issues you are facing and how they should be handled. This level and frequency of interaction will no doubt enable CLA to help you tackle challenges as they come up and take full advantage of every opportunity that presents itself.

Professional Services	Year 1	Year 2	Year 3	Year 4	Year 5
Financial statement audit for the fiscal years ending May 31, 2024 through 2028	\$105,000	\$108,500	\$112,000	\$115,500	\$119,000
Single audit	\$12,500	\$13,000	\$13,500	\$14,000	\$14,500
Technology and client support fee (5%)*	Included	Included	Included	Included	Included
Total	\$117,500	\$121,500	\$125,500	\$129,500	\$133,500

**Like most firms, we are investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services. We believe our clients deserve clarity around our Technology and Client Support Fee, and we will continue to be transparent with our fee structure. Our technology and client support fee of 5% is included in the fees above.*

We have found over the years that our clients don’t like fee surprises. Neither do we. We commit to you, as we do all of our clients, that:

- We will be available for brief routine questions at no additional charge, a welcome investment in an on-going relationship.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front.
- We will always be candid and fair in our fee discussions, and we will avoid surprises.

Billing for phone calls and questions

It is not our policy or practice to bill our clients every time we receive a phone call. While providing our services to you, we will regularly consult with you regarding accounting, financial reporting, and significant business issues. If a specific project is complex or requires significant time or resources, we will discuss the scope of the project and its fee with you first to make sure there are no surprises. While it is difficult to establish an exact policy for billing in these situations, we commit to discussing the request with you in advance of performing our services if we believe the time requirement to provide you the desired assistance is other than routine. We will discuss the scope of the project and our estimate to complete it prior to commencing work.



Hourly rates

The table below shows our standard hourly billing rates by classification:

Staff Level	2023
Principal/Signing Director	\$345 - \$515
Director	\$230 - \$320
Manager	\$185 - \$285
Senior	\$160 - \$220
Associate	\$140 - \$170

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss our scope of services.

At CLA, it's more than just getting the job done.



Appendix

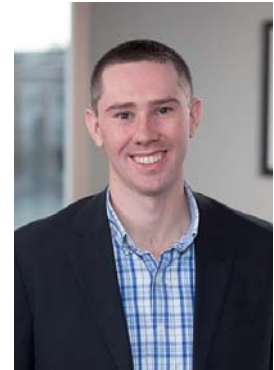
A. Engagement team biographies





David Flint, CPA, MSA

CLA (CliftonLarsonAllen LLP)



Principal
West Hartford, Connecticut

860-570-6379
david.flint@CLAconnect.com

Profile

As a principal, David performs a wide variety of significant audit engagements, including financial and compliance audits of government and quasi-government engagements. He has more than 13 years of experience in government accounting and auditing. David is knowledgeable of the reporting requirements of both Uniform Guidance and the State Single Audit Act. He has played an instrumental role in obtaining and maintaining the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for his clients.

Technical experience

- Audit and accounting
- Single audits
- Financial statement audits
- Preparation and review of Annual Comprehensive Financial Reports

Education and professional involvement

- Master of science in accounting from Western New England University, Springfield, Massachusetts
- Bachelor of science in business administration with a major in accounting from Western New England University, Springfield, Massachusetts
- American Institute of Certified Public Accountants
- CTCPA's Governmental Accounting and Auditing Committee – Member and former Chair

Civic organizations

- Health 360, Treasurer, Board of Directors
- Wallingford Country Club, Treasurer, Board of Directors





Gabriel Epstein, CPA

CLA (CliftonLarsonAllen LLP)



Senior
West Hartford, Connecticut

860-570-6435
gabriel.epstein@CLAconnect.com

Profile

Gabriel is a senior with more than three years of experience.

Technical experience

- State and local government
- Commercial
- Single audits
- Financial statement audits

Education and professional involvement

- Master of science in accounting from Central Connecticut State University, New Britain, Connecticut
- Bachelor of science in accounting from Central Connecticut State University, New Britain, Connecticut
- American Institute of Certified Public Accountants
- Certified Public Accountant
- Connecticut Society of Certified Public Accountants

Key relevant clients

- City of Waterbury, Connecticut
- City of Bristol, Connecticut
- City of Meriden, Connecticut
- Town of Wallingford, Connecticut

[CLAconnect.com](https://www.claconnect.com)

CPAS | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



B. Quality control procedures and peer review report



In the most recent peer review report, dated November 2022, we received a rating of pass, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page. ***This quality control review included a review of specific government engagements.***

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.



Report on the Firm's System of Quality Control

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "Firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants ("Standards").

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards, may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing and complying with a system of quality control to provide the Firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the Firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1[®] and SOC 2[®] engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
Charlotte, North Carolina
November 18, 2022

South Central Connecticut Regional Water Authority
 90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020
<http://www.rwater.com>

TO: Tim Slocum
1285 Lilac Court
Cheshire, CT 06410

DATE: June 8, 2023

RE: Quarterly Update of RPB
Approved Projects

ATTN: _____

We are sending you Enclosed Under Separate Cover via E-Mail Hand Delivery the following items:

- Prints Shop Drawings Data Sheets RPB Report
 Sketches Specifications Brochures _____

COPIES	PREPARED BY	REFERENCE NO.	DESCRIPTION
1		March - May 2023	Quarterly Report

THESE ARE TRANSMITTED:

- As Requested For Your Information _____
 For Your Use For Review and Comment

Remarks: Enclosed please find the fourth quarter Fiscal Year 2023 status report of all RPB-approved projects.

Very truly yours,

Regional Water Authority

Copies to: David Borowy
Kevin Curseaden
Suzanne Sack
Catherine LaMarr
Mario Ricoszi
Larry Bingaman
Rochelle Kowalski

 Sunny Lakshminarayanan, P.E.
 Vice President – Engineering & Env. Services

**STATUS OF RPB-APPROVED PROJECTS
THIRD QUARTER FISCAL YEAR 2023 REPORT
MARCH - MAY 2023**

Ansonia-Derby Tank

Date of Initial Approval by the RPB: November 2012
Date Re-approved by the RPB: February 2019
Amount Initially Approved by the RPB: \$4,900,000
Revised Amount Approved by the RPB: \$5,100,000
Amount Expended to Date: \$3,807,412
Estimated Final Cost of Project: \$5,540,000*
Scheduled Completion: February 2020
Anticipated Completion: August 2023

**The anticipated expenditure falls within the 10% allowable overage based upon the escalator used in the application.*

During the quarter, the contractor on the project, Guerrera Construction, and the tank subcontractor, DN Tanks, re-mobilized to the site. Guerrera prepared the subbase for the floor slab and inlet/outlet piping ahead of installation of the concrete tank floor by DN Tanks. DN Tanks also prepared grout pads for panel casting and initiated the casting of wall and dome panels. Following completion of the casting operation, DN tanks constructed staging and bracing to support panel erection operations.

An injunction hearing requested by plaintiff Dorothy Marinelli was initially scheduled for March 13, 2023; and a continuance had been requested. In early May, the request was withdrawn.

West River Water Treatment Plant Improvements

Date Approved by the RPB: March 2021
Amount Approved by the RPB: \$16,300,000
Amount Expended to Date: \$13,744,471
Estimated Final Cost of the Project: \$17,000,000
Scheduled Completion: September 2023
Anticipated Completion: September 2023

During the quarter, the contractor, The Associated Construction Company, finished the exterior of the new dissolved air flotation (DAF) building and installed the roofing membrane. Process equipment has been placed in the DAF building and they began installing process piping to the equipment and tanks. The buried portion of 36" piping that will ultimately convey the influent flow to the DAF process was completed. Electrical work inside the new switchgear enclosure and the DAF structure, including placement of control panels and PLC, has continued. Installation of HVAC equipment and ductwork has advanced. Site work including excavation, reinforcement, forming, and pouring of a new retaining wall and foundations for elevated walkways continued. Work to address punch list items on the new hypochlorite disinfection system is ongoing.

Lake Gaillard Water Treatment Plant Clarifier, Recycle Pump Station, & Concrete Restoration

Date Approved by the RPB: March 2022
Amount Approved by the RPB: \$8,659,500
Amount Expended to Date: \$1,128,191
Estimated Final Cost of the Project: \$8,659,500
Scheduled Completion: November 2023
Anticipated Completion: November 2023

During the quarter, the contractor, Kovacs Construction, continued the submittal process and continued inspections of the existing clarifiers. Equipment and materials are being procured and have started to be delivered to the Contractor. The four 40-HP recycle pumps have been constructed and are being tested by the manufacturer. Construction is anticipated to start during the next low demand season (October 2023).

Lake Gaillard Water Treatment Plant HVAC and Electrical Improvements

Date Approved by the RPB: March 2022
Amount Approved by the RPB: \$6,130,800
Amount Expended to Date: \$463,462
Estimated Final Cost of the Project: \$6,130,800
Scheduled Completion: May 2024
Anticipated Completion: To be determined

The project is currently on hold pending the submission of a waiver request for the project from the Region 1 EPA office related to the Buy America Build America (BABA) Act passed in May 2014, as the project design had commenced prior to passage of the act. Staff is currently drafting a waiver for submission.

The anticipated project completion date will be updated following further clarification of the procedures and timing related to Congressional-Directed Spending.

Water Treatment Plant Valve Replacement Program – LGWTP Filter Influent Valve Replacement

Date Approved by the RPB: June 2022
Amount Approved by the RPB: \$2,690,000
Amount Expended to Date: \$2,094,241
Actual Final Cost of the Project: \$2,127,104
Scheduled Completion: May 2024
Actual Completion: March 2023

During the quarter final payment was issued to the contractor, C.H. Nickerson, in March. This project is now complete. Payment of 2% project retainage held for the one-year guarantee period in the amount of \$32,863.39 is scheduled to be released in March of 2024.

Lake Whitney Dam & Spillway Improvements Phase I – Initial Design Project

Date Approved by the RPB: June 2022
Amount Approved by the RPB: Not to exceed \$5,520,000
Amount Expended to Date: \$2,358,197
Estimated Final Cost of Initial Design: \$5,520,000
Scheduled Completion: May 2024
Anticipated Completion: May 2024

During the quarter, Professional Service Agreements for the three selected contractors were executed for the Early Contractor Involvement (ECI) process. An initial virtual meeting was held with all contractors and the design team for introductions and to review the ECI expectations. Individual meetings were also held on site with each contractor to review project specific details with a visual walkthrough of the dam site. Soon thereafter each contractor developed and submitted the first required ECI package for the 45% upstream dam design. These packages were reviewed and each contractor and each contractor met with the design team to present their submitted information. These ECI packages included cost models evaluation of construction sequencing, and construction methodology for input into the final design solution. The design team also completed a 45% dam design for the downstream alternate. This alternate was reviewed by RWA staff and forwarded to the three contractors for completion of a second submittal package.

CIS (Customer Information System)

Date Approved by the RPB: September 2022
Amount Approved by the RPB: \$14,808,000
Amount Expended to Date: \$2,465,968
Estimated Final Cost of the Project: \$14,808,000
Scheduled Completion: September 2024
Anticipated Completion: September 2024

Project activities during the quarter consisted of the continuation of analysis workshops.