



Financial Services Audit Committee Communication

Date: January 27, 2020

To: Great Lakes Water Authority Audit Committee

From: Kim Garland, CPA, Reporting & Compliance Manager

Re: Capital Funding Sources and Uses

Background: Attached are a series of schedules summarizing the net position and cash balances for the Improvement & Extension (I&E) and Construction Funds for both the Water System and Sewer System.

Analysis: The purpose of these schedules is to show the year-over-year activity within these funds that resulted in the June 30, 2019 fiscal yearend balances.

Except for required reserves, the cash balances directly offset long-term capital financing needs as shown in the ten-year financial plan. Annual contributions built into the revenue requirement also support a healthy debt service coverage.

The schedules present two key elements of each fund - net position and cash balance. The main difference between *net position* and *cash balance* for all four funds is outstanding accounts payable balances at yearend. The net position for each fund can be easily referenced in the GLWA Comprehensive Annual Financial Report (CAFR) Combining Schedules.

Proposed Action: None