

FINANCIAL SERVICES AREA

July 2020 Audit Committee Recap

The June GLWA Audit Committee meeting was held on Friday, July 17. The full Audit Committee binder is posted at www.glwater.org. The meeting included the following discussion topics.

- ✓ Review of GLWA year-end cash balances and transfers completed to support funding requirements for July 1 operations and master bond ordinance disbursements.
- ✓ Introduction of the FY 2020 year-end financial audit schedule and a proposed policy related to acceptance of gifts and grants.
- ✓ Request for approval for Board submission of two Revenue Bond ordinances supporting the use of State Revolving Fund loans for two GLWA water projects, one DWSD water project, and one DWSD sewer project.
- ✓ A CFO update and presentation of the April 2020 Monthly Financial Report (Executive Summary attached).
- ✓ Review of the new Capital Finance Report which helps demonstrate GLWA's progress against the strategic financial goal of reducing overall debt financing by utilizing accumulated I&E funds.

Transformation

The Transformation team is supporting Wastewater Operations with visual management tools and aids to help keep team members safe while practicing social distancing. The photos below highlight some of the visual aids the team has implemented. The team has also put in place gentle reminders to wear masks, to wash hands for at least 20 seconds, and if unable to wash hands, to use hand sanitizer. By sharing visual management signage between facilities, the Transformation team is driving cost avoidance and truly operating in the spirit of one water, one team.

Social Distancing At WRRF



Keeping Team Members Safe



Social Distancing At WRRF

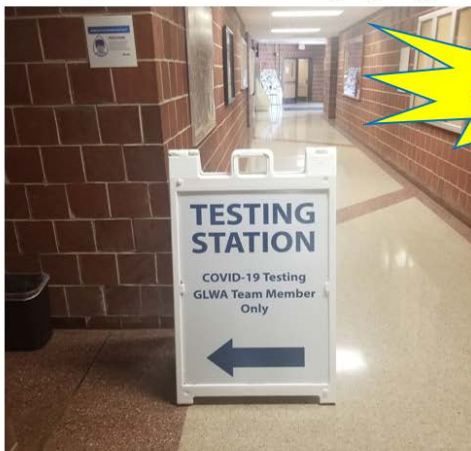


Keeping Team Members Safe



WRRF – COVID-19 Testing Visual Aids

WRRF COVID-19 Testing Signage



WWP COVID-19 Testing Signage



Sharing Signs
Between Areas!

Key Financial Metrics

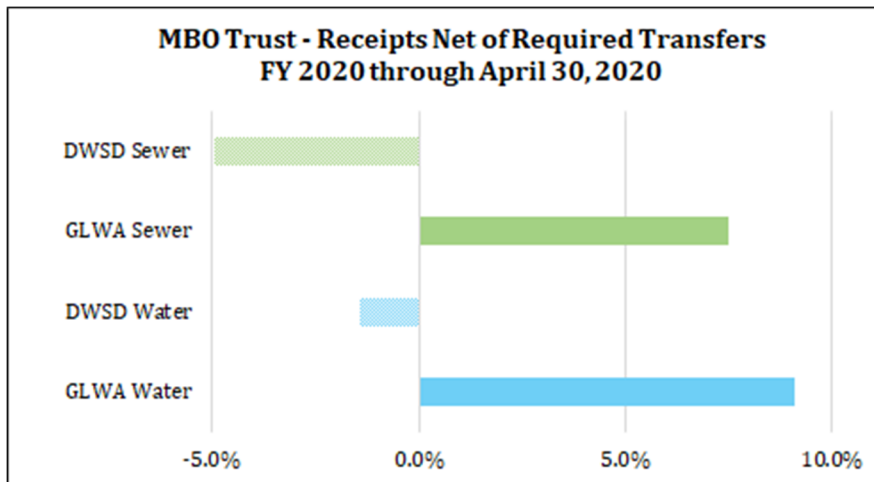
The table below presents a summary of key metrics found in this monthly financial report.

The indicators below focus on a financial risk management lens of preventing a budget shortfall. Green indicates no risk of a budget shortfall; yellow indicates a potential shortfall by year-end; and red indicates a likely budget shortfall by year-end. Each of these variances is monitored by the Great Lakes Water Authority (GLWA) management and, where appropriate, operating and/or budget priorities are re-evaluated. Looking forward, the items in red below resulted in FY 2020 Board-approved budget amendments in June 2020.

As of April 30, 2020				
Metric	FY 2020 Budget	FY 2020 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Billed Revenue (\$M)	\$263.0	\$257.7	-2%	40
Wholesale Water Billed Usage (mcf)	11,552,000	10,952,000	-5%	
Wholesale Sewer Billed Revenue (\$M)	\$223.2	\$223.2	0%	42
Wholesale Water Operations & Maintenance (\$M)	\$109.6	\$106.8	-3%	4
Wholesale Sewer Operations & Maintenance (\$M)	\$155.9	\$139.8	-10%	
Investment Income (\$M)	\$14.5	\$16.6	14%	31
Water Prorated Capital Spend w/SRA* (\$M)	\$90.0	\$59.0	-34%	25
Sewer Prorated Capital Spend w/SRA* (\$M)	\$101.0	\$60.0	-41%	

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

Master Bond Ordinance (MBO) Trust Net Receipts



Net cash flow receipts are positive for GLWA Water and Sewer. This means that all legal commitments of the MBO Trust and the lease payment are fully funded to date – and that positive cash flow is available for additional capital program funding in subsequent year(s).

DWSD Water and Sewer net receipt shortfalls are \$1.1 and \$10.7 million respectively for April 2020 attributed to the impact of the COVID-19 pandemic. GLWA and DWSD staff meet regularly to discuss steps to mitigate this shortfall as outlined in the 2018 MOU. Prospective COVID-19 financial impacts are being monitored closely and are addressed in the monthly CFO Report section of the July 17, 2020 Audit Committee binder.

Questions? Contact the Office of the Chief Financial Officer at CFO@glwater.org