



Financial Services Audit Committee Communication

Date: October 24, 2025

To: Great Lakes Water Authority Audit Committee

From: Steve Hoover, CPA, Financial Reporting Manager

Re: Annual Financial Audit Update

Background: Each year, the Great Lakes Water Authority (GLWA) prepares an Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal Awards (SEFA) in accordance with financial accounting standards and federal guidelines.

Baker Tilly US, LLP (Baker Tilly) has been engaged to perform the annual financial audit for GLWA and issue an independent opinion as to whether the financial statements are fairly stated in accordance with generally accepted accounting principles. This engagement covers the fiscal years ending June 30, 2025, 2026 and 2027.

Analysis: The GLWA Financial Services area has substantially finalized the FY 2025 trial balance and provided nearly all workpapers. Baker Tilly has conducted most of their fieldwork from September 29, 2025 through October 10, 2025. Some follow-up will continue for any open items. Open items are common, as questions arise during fieldwork that require time to provide accurate and appropriate responses.

During our weekly audit check-in on Monday, October 20, 2025, Baker Tilly noted that the 2025 Compliance Supplement, issued by the Office of Management and Budget (OMB), is still in draft status. According to the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center (GAQC) alert #492, the delay is a result of the current administration's focus on passing a budget bill. This could cause a delay, beyond GLWA's and Baker Tilly's control, in filing the SEFA. We will continue to monitor the situation until the final 2025 Compliance Supplement is issued.

The financial audit reports remain on track for December 2025 issuance, consistent with prior years. A detailed timeline from Baker Tilly is attached with one open item which is a request for a date and time for special Audit Committee meeting the first week in December.

Proposed Action: Receive and file this report.