



## Financial Services Audit Committee Communication

**Date:** December 16, 2022

**To:** Great Lakes Water Authority Audit Committee

**From:** Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

**Re:** Transmittal - Proposed FY 2024 & FY 2025 Biennial Budget and Five-Year Plan

Transmitted to you is the Proposed FY 2024 & FY 2025 Biennial Budget and Five-Year Plan along with the FY 2024 Proposed Charges Report. This plan is presented in an era of unprecedented economic challenges that have placed tremendous pressure on capital and operating budgets. Recently, on November 17, 2022, the Board of Directors received a [Phase I Report from the Economic Outlook Task Force \(EOTF\)](#) as well as a Budget & Charges Briefing (attached). The increase in costs have also resulted in an additional step – initiated in the past two weeks - to revalidate the capital improvement plan (CIP) this month while simultaneously preparing the budget. Despite the changes going on around us, that impact us, GLWA has the flexibility to adapt its financial plan to meet the challenges – as well as leverage these experiences to improve financial resiliency for the future. The ten year financial plan will be updated once the CIP amounts are updated to address evolving scenarios.

### Key Highlights

- Proposed budget increase of 4% for both systems – consistent with the 4% Promise
- Proposed system-wide charge adjustments of 2.75%
- Pause on and bad debt recovery given mediation and other efforts

### Process

The presentation of the budget in December is the formal beginning of a review process that begins with the Audit Committee. In early January, the same proposal is presented to the Board of Directors followed by review with the Audit Committee in late January. In January, we also meet with our Member Partners to present the proposed budget and accompanying charges. A Public Hearing on Budget and Charges, tentatively planned for Wednesday, February 22, 2023, is then held. A full calendar is included in this document.

Key values related to this budget proposal.

**The Promise:** Able to deliver an overall financial plan for FY 2024 and FY 2025 that holds revenue requirement increases at the 4% promise

**Charges:** Resulting FY 2024 proposed charge adjustments reflect constraints within the goal to maintain stability for Member Partners

**Sustainability & Affordability:** Facilitates progress towards long-term sustainability and affordability objectives

**Quality:** Provides for progress on key initiatives that ensures the quality and reliability of our services and the impact on the environment

We look forward to supporting an effective budget and charges review process. Thank you for your consideration of this proposal.