



## Financial Services Audit Committee Communication

**Date:** December 19, 2019

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

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

**Re:** Overview – Proposed FY 2021 & FY 2022 Biennial Budget and Five-Year Plan

**Background:** In accordance with service agreements with Great Lakes Water Authority (GLWA) member partners, charges for the next fiscal year are annually presented at the end of January each year. This year that date is January 23, 2020. Key steps in that process are development of a proposed biennial budget and five-year plan as well as the capital improvement plan. The first year of the biennial budget is the “revenue requirement” for the purposes of establishes costs for allocation among member partners.

**Analysis:** GLWA’s financial strategy which drives the proposed biennial budget and five-year financial plan are a) optimizing operations and maintenance costs, b) lowering GLWA’s high debt burden through effective use of bond refunding opportunities combined with a programmatic use of revenue financed capital (i.e. pay as you go), and c) limiting average annual charge increases to no more than 4%.

Attached are the following related to discussion of the upcoming FY 2021 & FY 2022 Biennial Budget and Five-Year Financial Plan.

1. Proposed FY 2021 & FY 2022 Biennial Budget and Five-Year Plan Executive Summary
2. Memo from The Foster Group (TFG) (links the GLWA internally prepared proposed budget with the overall potential charges impact)
3. Budget One-Pager which provides highlights of the FY 2021 budget year
4. Schedule of upcoming activities and due dates related to the budget cycle
5. Staffing Plan and Full Time Equivalent (FTE) tables for FY 2018 through FY 2025
6. Operations & Maintenance Expense by Cost Category - trend with three years of history
7. Operations & Maintenance Expense by Cost Center - with highest & lowest difference

**Proposed Action:** Receive and file this report for further review and discussion at the next Audit Committee meeting on January 17, 2020 at 8:00 am.