



Financial Services Audit Committee Communication

Date: January 24, 2020

To: Great Lakes Water Authority Audit Committee

From: Lisa L Mancini, Financial Planning & Analysis Manager

Re: Continued Review – Proposed FY 2021 & FY 2022 Biennial Budget
and Five-Year Financial 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 the 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 establishing costs for allocation among member partners. The information presented in the “Analysis” section below continues the discussion of the proposed FY 2021 & FY 2022 Biennial Budget and Five-Year Financial Plan that was begun at the December 19, 2019 Audit Committee meeting.

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

- Proposed FY 2021 & FY 2022 Biennial Budget and Five-Year Plan Executive Summary containing revisions for:
 - debt service refinancing savings,
 - capital spending ratio decrease from 85% to 75% for FY 2022 through FY 2025,
 - changes to revenue based on continuing review
- Memo from The Foster Group (TFG) that addresses budgeted investment earnings and operating reserve revenue requirement calculations
- Memo from PFM Asset Management, LLC, regarding the five-year interest earnings projection for GLWA
- Updated Budget One-Pager which provides highlights of the FY 2021 budget year (minor edit/correction)
- FY 2021 Budget Highlights (presentations by leadership team members) **(To be distributed at a later date)**
- Staffing Plan and Full Time Equivalent (FTE) tables for FY 2018 through FY 2025

- History of cashflow in both the Improvement & Extension (I&E) and Construction Bond funds **(To be distributed at a later date)**
- Capital Outlay overview
- Schedule of upcoming activities and due dates related to the budget cycle

Proposed Action: Receive and file this report.