



Financial Services Audit Committee Communication

Date: January 17, 2020

To: Great Lakes Water Authority Audit Committee

From: Deirdre Henry, Treasury Manager

Re: Review of GLWA Five-Year Investment Earnings Projections

The Financial Services Area Treasury Management Team requested the GLWA investment advisor, PFM Asset Management (PFM), provide a five-year interest earnings projection to assist in the budget development for FY 2021 – 2025.

Using FY 2019 average balances by investment type, PFM projected average yield as follows:

Average Yield %				
<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
1.51%	1.53%	1.54%	1.55%	1.80%

Yield and earnings projections provided by PFM are based on assumptions about the economic, political, and investment market environments. The attached memo from PFM details their analysis.

After reviewing the PFM projections, GLWA forecasted FY 2021 – 2025 investment earnings based on a conservative yield rate of 1.50%.

Proposed Action: Receive and file this report.