



Financial Services Audit Committee Communication

Date: February 20, 2020

To: Great Lakes Water Authority Audit Committee

From: Nicolette Bateson, CPA, Chief Financial Officer & Treasurer

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: In preparation for a public hearing related to the upcoming biennial budget and related FY 2021 charges on February 26, 2020, the attached summary was prepared (see “*FY 2021 & FY 2022 Biennial Budget and related FY 2021 Schedule of Charges*”). This document includes a one-pager on both the budget (page 9) and charges (page 16).

Review of the proposed budget and five-year plan as well as charges has occurred at the following meetings.

- ✓ December 19, 2019 Audit Committee
- ✓ January 8, 2020 Board Meeting (emphasis on budget and five-year plan)
- ✓ January 22, 2020 Board Meeting (emphasis on budget and five-year plan)
- ✓ January 27, 2020 Audit Committee (emphasis on departmental presentations and other analysis)

These meetings are in addition to annual rollout meetings with member partners.

For today’s Audit Committee, staff is preparing follow-up analysis and draft resolutions. As we proceed toward the public hearing, there are some interdependencies that may impact the readiness of the Board to act on the proposed budget and charges on February 26, 2020

after receiving public input. In particular, resolution of the Water Residential Assistance Program (WRAP) funding proposal remains open. Staff looks forward to a discussion at the Audit Committee of any open items and how to facilitate resolution of budget and charges for Board action.

In the event that the Board does not act on the budget and charges on February 26, 2020, it is the Board's policy to meet weekly until the open matters are resolved. Staff would like to discuss those potential dates at the Audit Committee meeting.

Proposed Action: Receive and file this report.