



Legislation Details (With Text)

File #: 2020-438 **Version:** 1 **Name:**

Type: Resolution **Status:** Passed

File created: 12/2/2020 **In control:** Board of Directors

On agenda: 12/17/2020 **Final action:** 12/17/2020

Title: Approval of Audit and Related Draft Financial Reports Pertaining to the Fiscal Year Ended June 30, 2020

Sponsors: Nicolette Bateson

Indexes: Finance

Code sections:

Attachments: 1. 6 GLWA BOD CAFR Memo and Support, 2. 6A FY 2020 Annual Financial Audit Update Memo 12-4-2020, 3. 6A6 FY 2020 CAFR Highlights, 4. 6A2 GLWA Audit Presentation 12-4-2020, 5. 6A3 GLWA Audit Results Draft 12-4-2020, 6. 6A1 GLWA CAFR Draft as of 12-2-2020, 7. 6A5 Great Lakes Water Authority SA 6-30-20 Final 11-6-2020, 8. 6A4 Draft Management Letter

Date	Ver.	Action By	Action	Result
12/17/2020	1	Board of Directors	Approved	Pass

Approval of Audit and Related Draft Financial Reports Pertaining to the Fiscal Year Ended June 30, 2020

Agenda of: December 17, 2020

Item No.: **2020-438**

Amount: Not Applicable

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: December 17, 2020

RE: Approval of Audit and Related Draft Financial Reports Pertaining to the Fiscal Year Ended June 30, 2020

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **moves to receive and file the Reports Pertaining to the Fiscal Year Ended**

June 30, 2020 Financial Audit (the FY 2020 Comprehensive Annual Financial Report, the FY 2020 Single Audit Act Compliance Report, and the FY 2020 Independent Auditor's Communication with those Charged with Governance) and authorizes staff to proceed with the completion and filing of the annual audit prior to the due date with the state of Michigan before December 31, 2020; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA's fourth full twelve-month financial audited financial reports for the Great Lakes Water Authority (GLWA) for the year ended June 30, 2020 are nearly complete. The final step is review by the GLWA Board of Directors and requested approval. This will enable staff to file those reports with the state of Michigan Department of Treasury, the federal clearinghouse for the single audit report, and the Electronic Municipal Market Access system ("EMMA") for Municipal Securities Rulemaking Board ("MSRB") requirements, and others in a timely manner by December 31, 2020.

JUSTIFICATION

The following are attached pertaining to the Fiscal Year Ended June 30, 2020.

include Presentation by Ms. Jodi Dobson, Partner, BakerTilly (external auditor)

1. Memo from Kim Garland, CPA, Reporting & Compliance Manager dated December 17, 2020 regarding GLWA CAFR Updates - Debt Service Coverage Items
2. Memo from Steve Hoover, CPA, Financial Reporting Manager dated December 4, 2020 regarding Review and Approval of Audit and Related Draft Financial Reports Pertaining to the Fiscal Year Ended June 30, 2020
3. Presentation Top Ten FY 2020 CAFR Highlights presented to Audit Committee on December 4, 2020
4. Report: Draft Report on Fiscal Year 2020 Financial and Single Audit presented by Jodi Dobson, CPA, Partner, Baker Tilly Virchow Krause, LLP (includes Independent Auditor's Communication to those Charged with Governance)
5. Report: Reporting and insights from 2020 audit: Great Lakes Water Authority from Jodi Dobson, CPA, Partner, Baker Tilly Virchow Krause, LLP
6. Draft FY 2020 Comprehensive Annual Financial Report (CAFR)
7. Draft FY 2020 Single Audit Act Compliance Report
8. Draft Management Comment Letter

The above reports have been previously distributed to the Audit Committee and the Board.

It should be noted that there is one remaining source of edits to an informational item in the CAFR as it relates to inputs from the draft Detroit Water & Sewerage Department (DWSD) financial report. Changes were received from DWSD on December 10, 2020 that result in a positive impact on their draft financial results for FY 2020 and a modest, positive impact on the calculation of debt service coverage. A memo is attached from Ms. Kim Garland, Reporting & Compliance Manager, which highlights the pages that will be updated as a result of this new data point prior to the Board meeting on December 17, 2020.

ARTICLE XII, Section 2 of the GLWA By-laws states the following:

The Board shall obtain an annual audit of the GLWA's financial statements by an independent certified public accountant and report on the audit and auditing procedures in accordance with state law and generally accepted government auditing standards, as well as federal grant compliance audit requirements. The Board shall furnish at least two copies of the annual audit to each Incorporating Municipality. The audited financial statements shall be posted on the GLWA's website. In addition, the audited financial statements shall be filed with the Michigan Department of Treasury upon approval of the GLWA Board.

BUDGET IMPACT

Not applicable for the proposed action.

COMMITTEE REVIEW

The Audit Committee has received updates from staff and auditors on a monthly basis. On December 4, 2020, the Audit Committee on December 4, 2020 unanimously acted to recommend that the Board of Director receives and files the Reports Pertaining to the Fiscal Year Ended June 30, 2020 Financial Audit (which includes the FY 2020 Comprehensive Annual Financial Report, the FY 2020 Single Audit Act Compliance Report, and the FY 2020 Independent Auditor's Communication with those Charged with Governance) and authorizes staff to proceed with the completion and filing of the annual audit prior to the due date with the state of Michigan before December 31, 2020; and authorizes the Chief Executive Officer or her designee to take such other action as may be necessary to accomplish the intent of this vote.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.