

To: President and Members of the Munster Town Council

From: Patricia Abbott, Controller/Interim Town Manager

Date: June 17, 2024

Re: Engagement Letter: Water Loss Audit and Validation

A Water Loss Audit looks at operational and financial data of the entire Water Utility. The goal is to identify areas of water loss to conserve this resource and to determine areas to improve. In odd numbered years, the audit must be performed, validated, and submitted to the Indiana Finance Authority. If this is not done, the Town is not eligible to participate in the State Revolving Fund. This is the program the Town plans to use to issue the Water Revenue Bonds next year.

In prior years, the audit has been performed in-house and the validation has been performed in-house as well. The individual who was certified to perform the audit recently resigned. That portion of the audit work was not completed prior to the resignation.

To complete the work timely, Staff has secured an engagement letter from ME Simpson to complete the audit. ME Simpson is not only familiar with the Town of Munster Water Utility, but they also have certified water loss auditors and validators. The cost to perform the audit is \$15,000.00. The Controller/Interim Town Manager is certified to validate the audit but does not have the time to do this work. ME Simpson can do the validation for a cost of \$2,000.00. The work will be paid from the Water Cash Operating Fund.

Recommendation:

By motion and voice vote, approve the engagement letter from M.E. Simpson Co., Inc. dated May 30, 2024, to perform and validate the 2023 Water Loss Audit for an amount not to exceed \$17,000.00.