



Financial Services Audit Committee Communication

Date: July 20, 2018

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer/Treasurer

Re: Cash Analysis – Long-term Planning

Background: Over the past several months, the Great Lakes Water Authority (GLWA) Audit Committee has been presented with various analysis as we work through the long-term financial plan to ensure sustainability (i.e. the FY 2030 Plan).

Analysis: Key elements of the financial plan are reducing GLWA's long-term financial obligations, proactively addressing financial commitments to the Detroit General Retirement System, and a balanced debt vs. pay-as-you-go capital financing program while preserving the commitment to an annual revenue requirement ceiling of 4%.

This month, we would like to review GLWA's cash balances, restrictions on those balances, and potential priorities for the use of cash for future capital investment as well as reducing long-term liabilities. Attached for this discussion are 1) the FY 2017 cash and investment footnote noting restrictions and 2) and analysis from The Foster Group based upon an internal, preliminary FY 2018 analysis calculating similar cash balance restrictions.

Proposed Action: Receive and file report.