



Financial Services Audit Committee Communication

Date: July 20, 2018

To: Great Lakes Water Authority Audit Committee

From: Lisa Mancini, Interim Financial Planning & Analysis Manager

Re: Financial Reporting Schedule and Planning Calendar

Background & Analysis: The Great Lakes Water Authority (GLWA) Financial Services Area is working toward a standard, comprehensive monthly reporting package which will be presented at the monthly Audit Committee Meetings beginning in August 2018. This package will include, but not be limited to, the following information.

- ✓ Financial Statements (including a crosswalk from revenue requirement basis to accrual basis of monthly financial activity)
- ✓ Budget to Actual Analysis (including operating area input)
- ✓ Revenue Billings and Collections Report
- ✓ Cash Inflows/Outflows Report
- ✓ Treasury Report
- ✓ Construction Work in Progress Summary

Attached is a timeline for the creation and distribution of the consolidated report.

In addition to the monthly reporting of FY 2019 activity, as described above, work has begun on the development of the FY 2020 through FY 2024 Financial Plan which includes the FY 2020 & FY 2021 Biennial Budget and Five-year Financial Plan, the Five-year Capital Improvement Plan (CIP), and the Schedule of Revenues and Charges. The following are key dates in the development and presentation of the FY 2020 through FY 2024 Financial Plan.

Customer Charges Work Group Meetings (previously posted on the Outreach calendar)

- ✓ October 25, 2018 – Rollout Meeting #1: Capital Improvement Plan (CIP)
- ✓ November 29, 2018 – Rollout Meeting #2: Units of Service

- ✓ January 10, 2019 – Rollout Meeting #3: Proposed FY 2020 Revenue Requirements (FY 2020 through FY 2024 Budget/Financial Plan)
- ✓ January 24, 2019 – Rollout Meeting #4: Propose FY 2020 Service Charges

The above sequence of meetings will allow for the Public Hearing to be held during the Board of Directors meeting which will take place in February 2019 (date to be determined). During this meeting the key sections of the FY 2020 through FY 2024 Financial Plan (Revenue Requirements, CIP, and Service Charges) will be presented with the proposal of adoption.

The timing of the Board meeting is important to meet the following applicable statutory and contractual requirements.

- A. **Uniform Budgeting and Accounting Act, Act 2 of 1968, Section 141.434**, “Before final passage of a general appropriations act by the legislative body, a public hearing shall be held as required by 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, and the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.” (For purposes of Public Act 2, the GLWA Board is the legislative body.)
- B. **Home Rule City Act, Act 279 of 1909, Section 117.5e**, “Municipal water or sewage system; annual audit; public hearing before proposed rate increase. A municipal water or sewage system established by a city incorporated under this act which serves more than 40% of the population of the state shall:(b) Hold at least 1 public hearing at least 120 days before a proposed rate increase is scheduled to take effect. ...A final vote by the governing body of the city to implement a proposed rate increase shall not be taken until the hearings provided for in this subdivision are concluded and the results of those hearings are considered by the city's governing body.” (Emphasis added)

It should be noted that the Home Rule City Act does not apply to GLWA. It is relevant to GLWA’s planning cycle, however, as it is referenced in the *Wholesale Customer Model Water Contract* as noted below.

- C. **GLWA Wholesale Customer Model Water Contract Section 7.02** provides: “Notification of Rates. As soon as possible in the ratemaking process, the Board shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. The Board

shall meet with Customer to review the rate and the data.” (Emphasis added; Act 279 is the Home Rule City Act noted above.)

Proposed Action: Receive and file report.