

# Financial Services Audit Committee Communication

**Date:** March 25, 2022

**To:** Great Lakes Water Authority Audit Committee

From: Lisa L. Mancini, Financial Planning & Analysis Manager

Re: FY 2022 Second Quarter Budget Amendments through December 31, 2021, and

**Proposed Budget Amendment Resolution** 

**Background:** In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the corresponding fiscal year budget adoption resolution, the Audit Committee will review the proposed budget amendments and forward to the Board of Directors with a recommendation.

**Analysis:** Highlights of the second quarter budget amendments include the following.

- A. There is a net increase to the Water System revenues of \$0.5 million. This is due to increases in the following.
  - > \$0.4 million Investment earnings adjustment based on revised interest rates and cashflow forecast.
  - > \$0.1 million Other revenues adjustment for energy rebates and lease revenues.
- B. There is a net decrease to the Sewer System revenues of \$2.7 million due to the following.
  - ➤ \$2.4 million decrease Highland Park bad debt adjustment (combined with the first quarter adjustment of \$3.0 million to bring the total FY 2022 adjustment to \$5.4 million).
  - ➤ \$0.7 million decrease Industrial Waste Control Charges adjustment based on revised FY 2022 forecast.
  - > \$0.4 million increase Investment earnings adjustment based on revised interest rates and cashflow forecast.
  - > \$90.0 thousand increase Other revenues adjustment for energy rebates.

C. The Capital Spending Ratio for the sewer capital improvement plan has increased from 77.0% to 78.0% which equates to \$1.1 million. The Capital Spending Ratio remains at 80.4% for the water capital improvement plan as amended in the first quarter.

The attached budget amendment report is organized in the following manner.

# 1. Appropriation Level - Revenue Requirement - Water and Sewer Systems

- A. Water System General Operating Fund
- B. Sewer System General Operating Fund
- C. Total Operating Fund Level Water System and Sewer System (Supplemental Information)
- D. Enterprise-wide Core Groups (Supplemental Information)
- E. Enterprise-wide Operations & Maintenance Account Type (Supplemental Information)
- F. Unallocated Reserve by Core Group (Supplemental Information)

### 2. Appropriation Level - Debt Service - Water and Sewer Systems

- A. Water System Debt Service Coverage Calculation
- B. Sewer System Debt Service Coverage Calculation

# 3. Appropriation Level - Improvement & Extension Fund - Water and Sewer Systems

- A. Water System Improvement & Extension Fund
- B. Sewer System Improvement & Extension Fund

## 4. Appropriation Level - Construction Fund - Water and Sewer Systems

- A. Water System Construction Fund
- B. Sewer System Construction Fund

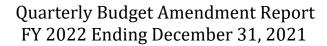
A budget amendment resolution reflecting the budget amendments is also attached.

**Proposed Action:** The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed budget resolution for the second quarter FY 2022 budget amendments.



Table 1A - Appropriation Level - Revenue Requirement - Water System General Operating

	FY 2022	Total	Total		
	Board	1st Quarter	2nd Quarter	FY 2022	FY 2022
	Adopted	FY 2022	FY 2022	Amended	Activity Thru
Water System	Budget	Amendments	Amendments	Budget	12/31/2021
Revenues					
Suburban Wholesale Customer Charges	\$ 321,110,900	\$ (2,400,000)	\$ -	\$ 318,710,900	\$ 162,992,800
Retail Service Charges	21,697,300	-	-	21,697,300	10,848,600
Investment Earnings	1,047,300	500,000	376,500	1,923,800	1,057,000
Other Revenues	175,000	-	116,000	291,000	247,000
Total Revenues	\$ 344,030,500	\$ (1,900,000)	\$ 492,500	\$ 342,623,000	\$ 175,145,400
Revenue Requirements					
Operations & Maintenance Expense	\$ 143,933,800	\$ -	\$ -	\$ 143,933,800	\$ 67,115,300
General Retirement System Legacy Pension	6,048,000	_	-	6,048,000	3,024,000
Debt Service	135,481,000	(360,000)	-	135,121,000	67,853,500
General Retirement System Accelerated Pension	6,268,300	_	_	6,268,300	3,134,300
Extraordinary Repair & Replacement Deposit	_	_	_	-	-
Water Residential Assistance Program Contribution	1,705,500	_	_	1,705,500	852,800
Regional System Lease	22,500,000	-	_	22,500,000	11,250,000
DWSD Budget Shortfall Pending	-	-	_	-	-
Improvement & Extension Fund Transfer Pending	28,093,900	(1,540,000)	492,500	27,046,400	13,698,600
Total Revenue Requirements	\$ 344,030,500	\$ (1,900,000)		\$ 342,623,000	\$ 166,928,500
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ 8,216,900





Appropriation Level - Revenue Rec	quirement - Water System General Operating Budget Amendment Explanation
Revenues	
Suburban Wholesale Customer	No budget amendment is required.
Charges	
Retail Services Charges	No budget amendment is required.
Investment Earnings	The increase is based on the revised interest rates and cashflow forecast.
Other Revenues	The budget amendment proposed is based on activity to date for energy rebates and lease
	payments received (radio towers and easements). This source of revenue fluctuates from
	year to year.
Revenue Requirements (Expenditur	es)
Operations & Maintenance Expense	No budget amendment is required.
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.
Pension	
Debt Service	No budget amendment is required.
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.
Pension – Accelerated Payment	
Extraordinary Repair &	No budget amendment is required. This is a formulaic requirement in the Master Bond
Replacement Deposit	Ordinance. Based on adopted and amended budget, no adjustment is required.
Water Residential Assistance	No budget amendment is required. Budget is fixed at time of budget adoption.
Program Contribution	
Regional System Lease	No budget amendment is required. Lease payment is established in accordance with terms
	of the lease.
DWSD Budget Shortfall Pending	No budget amendment is proposed at this time.

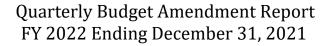


Appropriation Level - Revenue Requirement - Water System General Operating Budget Amendment Explanation								
Improvement &	Extension	Fund	Represents annual funding for pay-as-you-go capital improvement program. Budge					
Transfer Pending			amendments to revenues, investment earnings, debt service, and DWSD budget shortfal					
			affect this line item.					



Table 1B - Appropriation Level - Revenue Requirement - Sewer System General Operating

Table 1B - Appropriation Level - Reven	FY 2022	10	Total	.0111	Total	peruting		
	Board	4.	st Quarter	2.	nd Quarter	FY 2022	FY 2022	
	Adopted	FY 2022			FY 2022	Amended	Activity Thru	
Sewer System	Budget	Λn	nendments	۸r	mendments	Budget	12/31/2021	
Revenues	Duuget		ilenuments		nenaments	Duuget	12/3 1/202 1	
Suburban Wholesale Customer Charges	\$ 272,130,000	\$	(3,000,000)	Ф	(2,400,000)	\$ 266,730,000	\$ 136,134,800	
Retail Service Charges	188,662,200	Ψ	(3,000,000)	Ψ	(2,400,000)	188,662,200	94,331,100	
Industrial Waste Control Charges	9,024,800				(700,000)	8,324,800	4,159,100	
Pollutant Surcharges	4,188,900		-		(700,000)	4,188,900	2,627,100	
Investment Earnings	1,023,300		500,000		352,900	1,876,200	836,400	
Other Revenues	400,000		500,000		90,000	490,000	287,600	
Total Revenues	\$ 475,429,200	\$	(2.500.000)	Φ.		,		
	\$ 475,429,200	Þ	(2,500,000)	Ф	(2,657,100)	\$ 470,272,100	\$ 238,376,100	
Revenue Requirements								
Operations & Maintenance Expense	\$ 181,299,800	\$	-	\$	-	\$ 181,299,800	\$ 89,629,100	
General Retirement System Legacy Pension	10,824,000		-		-	10,824,000	5,412,000	
Debt Service	207,209,500		(2,225,000)		-	204,984,500	103,656,200	
General Retirement System Accelerated Pension	11,620,700		-		-	11,620,700	5,810,400	
Extraordinary Repair & Replacement Deposit	_		-		-	-	_	
Water Residential Assistance Program Contribution	2,358,300		_		_	2,358,300	1,179,200	
Regional System Lease	27,500,000		-		-	27,500,000	13,750,000	
DWSD Budget Shortfall Pending	-		-		-	-	1,358,400	
Improvement & Extension Fund							. ,	
Transfer Pending	34,616,900		(275,000)		(2,657,100)	31,684,800	16,749,300	
Total Revenue Requirements	\$ 475,429,200	\$	(2,500,000)	\$	(2,657,100)	\$ 470,272,100	\$ 237,544,600	
Net Actual to Date	\$ -	\$	-	\$	-	\$ -	\$ 831,500	





Revenues					
Suburban Wholesale Customer	The reduction to this category is the result of an adjustment to the allowance for bad debt				
Charges	expense for Highland Park.				
Retail Services Charges	No budget amendment is required.				
Industrial Waste Control Charges	The budget amendment proposed is based on a review of billings to date and a revised FY 2022 forecast.				
Pollutant Surcharges	No budget amendment is required.				
Investment Earnings	The increase is based on the revised interest rates and cashflow forecast.				
Other Revenues The budget amendment proposed is based on activity to date for energy rebates					
	source of revenue fluctuates from year to year.				
Revenue Requirements (Expenditur	es)				
Operations & Maintenance Expense	No budget amendment is required.				
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.				
Pension					
Debt Service	No budget amendment is required.				
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.				
Pension – Accelerated Payment					
Extraordinary Repair &	No budget amendment is required. This is a formulaic requirement in the Master Bond				
Replacement Deposit	Ordinance. Based on adopted and amended budget, no adjustment is required.				
Water Residential Assistance	No budget amendment is required. Budget is fixed at time of budget adoption.				
Program Contribution					
Regional System Lease	No budget amendment is required. Lease payment is established in accordance with terms of the lease.				



Appropriation Level - Revenue Requirement - Sewer System General Operating Budget Amendment Explanation								
DWSD Budget Shortfall Pending	No budget amendment is proposed at this time. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30 <sup>th</sup> of the subsequent year. Communication with DWSD Management indicates that plans are cautiously optimistic that the shortfall will be cured by year-end.							
Improvement & Extension Fund Transfer Pending	Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to revenues, investment earnings, debt service, and DWSD budget shortfall affect this line item.							



Table 1C - Supplemental Information - Operating Fund Level - Water System and Sewer System

	FY 2022	Total	Total			
	Board	1st Quarter	2nd Quarter	FY 2022		FY 2022
	Adopted	FY 2022	FY 2022	Amended	A	ctivity Thru
System	Budget	Amendments	Amendments	Budget		12/31/2021
Water System Operations	\$ 143,933,800	\$ -	\$ -	\$ 143,933,800	\$	67,115,300
Wastewater System Operations	181,299,800	-	-	181,299,800		89,629,100
Total	\$ 325,233,600	\$ -	\$ -	\$ 325,233,600	\$	156,744,400

As shown in the table above, there are no budget amendments for transfers of resources between the water and sewer funds. It is unforeseen that such an amendment would occur as each system is accounted for as a stand-alone entity. The purpose of this table is to transparently report that funds from one system do not provide budget support to the other system.



Table 1D - Supplemental Information - Enterprise-wide Core Groups

O&M Major Budget Categories (Core Groups)	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021		
A Water System Operations	\$ 74,813,000	) \$ -	\$ -	\$ 74,813,000	\$ 38,647,400		
B Wastewater System Operations	111,971,400	-	-	111,971,400	56,534,500		
C Centralized Services	103,845,900	-	-	103,845,900	45,844,700		
D Administrative & Other Services	34,603,300	-	-	34,603,300	15,717,800		
Total	\$ 325,233,600	- \$	\$ -	\$ 325,233,600	\$ 156,744,400		

A subset of the operating funds are core groups that account for A) direct cost of water operations, B) direct cost of sewer operations, C) centralized services (E.g., field services, security, information technology, facilities, and fleet), D) administrative services (E.g., finance, public affairs, general counsel, and organizational development). The costs of the latter two categories are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

Through the second quarter FY 2022, there are no amendments that cross the core groups. For more activity within these groups, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).* 



Table 1E - Supplemental Information - Enterprise-wide Operations & Maintenance Account Type

O&M Expense Categories (Account Type)	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
Personnel Costs	\$ 115,437,400	\$ (1,436,600)	\$ (92,700)	\$ 113,908,100	\$ 54,679,800
Utilities	50,398,000	-	42,900	50,440,900	27,899,600
Chemicals	16,044,300	-	1,470,400	17,514,700	9,384,100
Supplies & Other	38,559,700	1,057,200	(2,534,200)	37,082,700	13,911,000
Contractual Services	103,375,700	1,459,000	1,958,600	106,793,300	53,627,400
Capital Program Allocation	(3,471,000)	-	-	(3,471,000)	(1,388,700)
Shared Services	(1,892,500)	(883,200)	(153,300)	(2,929,000)	(1,368,800)
Unallocated Reserve	6,782,000	(196,400)	(691,700)	5,893,900	-
Total	\$ 325,233,600	\$ -	\$ -	\$ 325,233,600	\$ 156,744,400

The table above presents the Operations & Maintenance budget by the major expense categories (account type).

For additional detail and the explanation of the key changes to the FY 2022 budget within these categories, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).* 

For an additional view of the Operations & Maintenance budget by expense category (account type) and by departmental level, see Supplemental Information - Enterprise-wide Operations & Maintenance Account Type and Departmental Level Amendments (Addendum 2).



Table 1F - Supplemental Information - Unallocated Reserve by Core Group

O&M Unallocated Reserves	FY 2022 Board Adopted Budget		Total st Quarter FY 2022 nendments	Total 2nd Quarter FY 2022 Amendments			FY 2022 Amended Budget
Water System Operations	\$	1,798,800	\$ -	\$	-	\$	1,798,800
Wastewater System Operations		2,250,900	(1,061,100)		153,300		1,343,100
Centralized Services		2,187,600	(227,100)		(61,700)		1,898,800
Administrative & Other Services		544,700	1,091,900		(783,300)		853,300
Total	\$	6,782,000	\$ (196,300)	\$	(691,700)	\$	5,894,000

An Unallocated Reserve account is established for each of the four core groups. Budget is assigned to these accounts to cover expenditures not known at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA's internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If an area does not require as much funding as was established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased.

For additional information on the FY 2022 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).* 



Table 2A - Appropriation Level - Debt Service Coverage Calculation - Water System

Water System - Debt Service Coverage Calculation	FY 2022 Board Adopted Budget	Aı	st Quarter FY 2022 nendments jional System	A	1st Quarter FY 2022 mendments ocal System	FY 2022 Amended Budget	2nd Quarter FY 2022 Amendments Regional System	2nd Quarter FY 2022 Amendments Local System	FY 2022 Amended Budget
Revenues									
Regional System Wholesale Revenues	\$ 342,808,200	\$	(2,400,000)	\$	-	\$340,408,200	\$ -	\$ -	\$340,408,200
Local System Revenues	73,264,300		-		(3,626,300)	69,638,000	-	-	69,638,000
Miscellaneous Revenue (Local System)	6,428,400		-		(2,614,900)	3,813,500	-	-	3,813,500
4 Non-Operating Revenue (Regional System)	1,222,300		500,000		-	1,722,300	492,500	-	2,214,800
5 Total Revenues	\$ 423,723,200	\$	(1,900,000)	\$	(6,241,200)	\$415,582,000	\$ 492,500	\$ -	\$416,074,500
Revenue Requirements Operations & Maintenance Expense									
6 Regional System Wholesale Expenses	\$ 143,933,800	\$	-	\$	-	\$143,933,800	\$ -	\$ -	\$143,933,800
7 Local System Expenses	34,648,600		-		(4,659,600)	29,989,000	-	-	29,989,000
8 GRS Pension allocable to Regional System	6,048,000		-		-	6,048,000	-	-	6,048,000
9 GRS Pension allocable to Local System	4,272,000		-		-	4,272,000	-	-	4,272,000
10 Total Operations & Maintenance Expense	188,902,400		-		(4,659,600)	184,242,800	-	-	184,242,800
11 Net Revenues after Operations & Maintenance Expense	\$ 234,820,800	\$	(1,900,000)	\$	(1,581,600)	\$231,339,200	\$ 492,500	\$ -	\$231,831,700
Debt Service by Lien									
12 Senior Lien Bonds	\$ 124,309,700	\$	-	\$	-	\$124,309,700	\$ -	\$ -	\$124,309,700
13 Second Lien Bonds	46,840,400		-		-	46,840,400	-	-	46,840,400
14 SRF Junior Lien Bonds	6,695,100		(360,000)		-	6,335,100	-	-	6,335,100
15 Total Debt Service	\$ 177,845,200	\$	(360,000)	\$	-	\$177,485,200	\$ -	\$ -	\$177,485,200
Debt Service Coverage									
16 Senior Lien Bonds (11)/(12)	1.89		(0.02)		(0.01)	1.86	0.00	0.00	1.86
17 Second Lien Bonds (11) / [(12)+(13)]	1.37		(0.01)		(0.01)	1.35	0.00	0.00	1.35
18 SRF Junior Lien Bonds (11) / (15)	1.32		(0.01)		(0.01)	1.30	0.00	0.00	1.31

<sup>\*</sup> Rows highlighted in light grey in the above table are designed to align with the DWSD Budget.

<sup>\*\*</sup> Total Debt Service, highlighted in dark grey (Row 15) in the above table, is adopted by the GLWA Board.



Appropriation Level - Debt Ser	vice - Water System Debt Service Coverage Calculation Budget Amendment
Explanation	
Total Debt Service	For purposes of Debt Service coverage, we look at the combined Regional and Local
	(DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues
	to calculate the Debt Service Coverage. The Board adopts the Debt Service amount shown
	on line 15 of the Water System Debt Service Coverage Calculation table on the previous
	page. This is the amount necessary to pay the principal of and interest on all Regional
	Water System bonds and to restore any reserves therefore established in the Master Bond
	Ordinance.

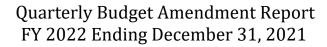


Table 2B - Appropriation Level - Debt Service Coverage Calculation - Sewer System

	11 1									
		FY 2022 Board Adopted	1st Quarter FY 2022 Amendments		1st Quarter FY 2022 Amendments		FY 2022 Amended	2nd Quarter FY 2022 Amendments	2nd Quarter FY 2022 Amendments	FY 2022 Amended
Sev	er System - Debt Service Coverage Calculation	Budget	Reç	gional System	Local System		Budget	Regional System	Local System	Budget
Rev	enues									
1	Regional System Wholesale Revenues	\$ 474,005,900	\$	(3,000,000)	\$	-	\$471,005,900	\$ (3,100,000)	\$ -	\$467,905,900
2	Local System Revenues	104,684,700		-		(6,803,300)	97,881,400	-	-	97,881,400
3	Miscellaneous Revenue (Local System)	6,810,800		-		364,200	7,175,000	-	-	7,175,000
4	Non-Operating Revenue (Regional System)	1,423,300		500,000		-	1,923,300	442,900	-	2,366,200
5	Total Revenues	\$ 586,924,700	\$	(2,500,000)	\$	(6,439,100)	\$577,985,600	\$ (2,657,100)	\$ -	\$575,328,500
Оре	enue Requirements rations & Maintenance Expense									
6	Regional System Wholesale Expenses	\$ 181,299,800	\$	-	\$	-	\$181,299,800	\$ -	\$ -	\$181,299,800
7	Local System Expenses	69,233,000		-		(7,932,000)	61,301,000	-	-	61,301,000
8	GRS Pension allocable to Regional System	10,824,000		-		-	10,824,000	-	-	10,824,000
9	GRS Pension allocable to Local System	2,856,000		-		-	2,856,000	-	-	2,856,000
10	Total Operations & Maintenance Expense	264,212,800		-		(7,932,000)	256,280,800	-	-	256,280,800
11	Net Revenues after Operations & Maintenance Expense	\$ 322,711,900	\$	(2,500,000)	\$	1,492,900	\$321,704,800	\$ (2,657,100)	\$ -	\$319,047,700
Deb	t Service by Lien									
12	Senior Lien Bonds	\$ 133,195,700	\$	(2,375,000)	\$	-	\$130,820,700	\$ -	\$ -	\$130,820,700
13	Second Lien Bonds	51,893,000		-		-	51,893,000	-	=	51,893,000
14	SRF Junior Lien Bonds	53,921,600		150,000		-	54,071,600	-	-	54,071,600
15	Total Debt Service	\$ 239,010,300	\$	(2,225,000)	\$	-	\$236,785,300	\$ -	\$ -	\$236,785,300
Deb	t Service Coverage									
16	Senior Lien Bonds (11)/(12)	2.42		(0.02)		0.01	2.46	(0.02)	0.00	2.44
17	Second Lien Bonds (11) / [(12)+(13)]	1.74		(0.01)		0.01	1.76	(0.01)	0.00	1.75
18	SRF Junior Lien Bonds (11) / (15)	1.35		(0.01)		0.01	1.36	(0.01)	0.00	1.35

<sup>\*</sup> Rows highlighted in light grey in the above table are designed to align with the DWSD Budget.

<sup>\*\*</sup> Total Debt Service, highlighted in dark grey (Row 15) in the above table, is adopted by the GLWA Board.





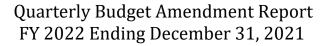
Appropriation Level - Debt Service - Sewer System Debt Service Coverage Calculation Budget Amendment									
Explanation									
Total Debt Service	For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Debt Service amount shown on line 15 of the Sewer System Debt Service Coverage Calculation table on the previous page. This is the amount necessary to pay the principal of and interest on all Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance.								



Table 3A - Appropriation Level - Improvement & Extension Fund - Water System

Water Improvement & Extension Fund		FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments		Total 2nd Quarter FY 2022 Amendments		FY 2022 Amended Budget		FY 2022 ctivity Thru 2/31/2021
Revenues									
Water System Transfers In from General Operating	\$	28,093,900	\$	(1,540,000)	\$	492,500	\$	27,046,400	\$ 13,698,600
Earnings on Investments (b)		-		715,000		614,000		1,329,000	906,600
Net Use of Reserves (a)		97,220,700		68,800		(3,523,300)		93,766,200	-
Total Revenues	\$	125,314,600	\$	(756,200)	\$	(2,416,800)	\$	122,141,600	\$ 14,605,200
Expenditures									
Water System Revenue Transfers Out (b)	\$	-	\$	715,000	\$	614,000	\$	1,329,000	\$ 915,900
Capital Spending - Other		-		567,400		-		567,400	1,117,700
Capital Outlay		17,006,600		-		(3,030,800)		13,975,800	2,515,700
Revenue Financed Capital - Operating									
Transfer to Construction Fund		108,308,000		(2,038,600)		-		106,269,400	56,654,100
Total Expenditures	\$	125,314,600	\$	(756,200)	\$	(2,416,800)	\$	122,141,600	\$ 61,203,400
(a) Beginning Net Position							\$	207,475,000	
Net Use of Reserves							\$	(93,766,200)	
Projected Ending Net Position							\$	113,708,800	

<sup>(</sup>b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.





Appropriation Level - Improvement & Extension Fund - Water System Budget Amendment Explanation								
Revenues								
Transfers In from General Operating	The proposed budget amendment is to match the amount available for transfer from th							
	FY 2022 revenue requirement based upon general operating fund performance. (see I&E							
	Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Water							
	System General Operating table).							
Earnings on Investments	Had not been originally budgeted as there is a corresponding transfer of earnings back to							
	the general operating fund as allowed by the Master Bond Ordinance. The net effect on							
	the I&E Fund is zero as the earnings are budgeted and accounted for in the operating fund							
	to lower revenue requirement for charges. The first quarter amendment was for an							
	estimated amount. The increase proposed for the second quarter amendment is based on							
	the revised interest rates and cashflow forecast.							
Net Use (Source) of Reserves	This amount represents the net amount of revenues less expenses. A negative amount							
	represents an increase in reserves from current year activity rather than a use of reserves.							
Expenditures								
Water System Revenue Transfers	Had not been originally budgeted as there is a corresponding transfer of earnings back to							
Out (Earnings on Investments)	the general operating fund as allowed by the Master Bond Ordinance (so the net effect on							
	the I&E Fund is zero). Amendment is for revised estimated amount. This line offsets							
	Earnings on Investments and represents the transfer of earnings back to the general							
	operating fund as allowed by the Master Bond Ordinance. Any variance between the two							
	lines represents a timing difference.							
Capital Spending - Other	No budget amendment is required. This line represents an adjustment to the projects in							
	the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt							
	financing.							



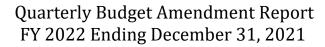
Appropriation Level - Improvement & Extension Fund - Water System Budget Amendment Explanation									
Capital Outlay	The proposed budget amendment reflects the decrease in spending which is partially								
	driven by the change in project start dates and project scope as well as a correction in the								
	funding source (from water to sewer) for the Rialto warehouse upgrades.								
Revenue Financed Capital – Transfer	No budget amendment is required.								
to Construction Fund									



Table 3B - Appropriation Level - Improvement & Extension Fund - Sewer System

Sewer		FY 2022 Board Adopted		Total 1st Quarter FY 2022		Total 2nd Quarter FY 2022		FY 2022 Amended		FY 2022 ctivity Thru
Improvement & Extension Fund		Budget	A	me ndme nts		me ndme nts		Budget	1	2/31/2021
Revenues										
Sewer System Transfers In from General Operating	\$	34,616,900	\$	(275,000)	\$	(2,657,100)	\$	31,684,800	\$	16,749,300
Receipt of DWSD Shortfall Loan Interest		406,400		-		(261,500)		144,900		105,700
Earnings on Investments (b)		-		500,000		504,900		1,004,900		500,500
Net Use of Reserves (a)		28,487,800		18,182,800		4,299,400		50,970,000		-
Total Revenues	\$	63,511,100	\$	18,407,800	\$	1,885,700	\$	83,804,600	\$	17,355,500
Expenditures										
Sewer System Revenue Transfers Out (b)	\$	-	\$	500,000	\$	504,900	\$	1,004,900	\$	455,700
Capital Spending - Other		-		722,200		-		722,200		2,806,800
Capital Outlay		15,965,100		-		1,380,800		17,345,900		2,350,300
Revenue Financed Capital - Operating										
Transfer to Construction Fund		47,546,000		17,185,600		-		64,731,600		26,950,000
Total Expenditures	\$	63,511,100	\$	18,407,800	\$	1,885,700	\$	83,804,600	\$	32,562,800
(a) Beginning Net Position							\$	122,385,000		
Net Use of Reserves								(50,970,000)		
Projected Ending Net Position							\$	71,415,000		

<sup>(</sup>b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.





Appropriation Level - Improvemen	t & Extension Fund - Sewer System Budget Amendment Explanations							
Revenues								
Transfers In from General Operating	The proposed budget amendment is to match the amount available for transfer from $FY$							
	2022 revenue requirement based upon general operating fund performance. (see I&E							
	Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Sewer							
	System General Operating table).							
Receipt of DWSD Shortfall Loan	The proposed budget amendment adjusts the interest earnings on the Note Receivable for							
Interest	the FY 2018 DWSD Sewer System Shortfall to the payment schedule. This note is							
	scheduled to be paid off by June 30, 2022.							
Earnings on Investments	Had not been originally budgeted as there is a corresponding transfer of earnings back							
	to the general operating fund as allowed by the Master Bond Ordinance. The net effect							
	on the I&E Fund is zero as the earnings are budgeted and accounted for in the operating							
	fund to lower revenue requirement for charges. The first quarter amendment was for an							
	estimated amount. The increase proposed for the second quarter amendment is based on							
	the revised interest rates and cashflow forecast.							
Net Use (Source) of Reserves	This amount represents the net amount of revenues less expenditures. A negative amount							
	represents an increase in reserves from current year activity rather than a use of reserves.							
Expenditures								
Sewer System Revenue Transfers	Had not been originally budgeted as there is a corresponding transfer of earnings back							
Out (Earnings on Investments)	to the general operating fund as allowed by the Master Bond Ordinance (so the net effect							
	on the I&E Fund is zero). Amendment is for revised estimated amount. This line offsets							
	Earnings on Investments and represents the transfer of earnings back to the general							
	operating fund as allowed by the Master Bond Ordinance. Any variance between the two							
	lines represents a timing difference.							



Appropriation Level - Improvement & Extension Fund - Sewer System Budget Amendment Explanations								
Capital Spending – Other	No budget amendment is required. This line represents an adjustment to the projects in							
	the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt							
	financing.							
Capital Outlay	The proposed budget amendment reflects the correction in the funding source (from							
	water to sewer) for the Rialto warehouse upgrades.							
Revenue Financed Capital – Transfer	No budget amendment is required.							
to Construction Fund								

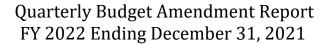
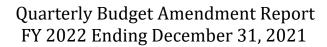




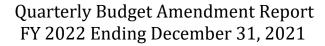
Table 4A - Appropriation Level - Construction Fund - Water System

Table 4A - Appropriation Level – Constru	cuc		atei						
Water Construction Fund		FY 2022 Board Adopted Budget		Total st Quarter FY 2022 nendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget		FY 2022 Activity Thru 12/31/2021	
Revenues									
Transfer from Improvement & Extension Fund	\$	108,308,000	\$	(2,038,600)	\$ -	\$	106,269,400	\$	56,654,100
Bond Proceeds		-		-	-		-		-
Bond Fund Earnings on Investments		-		-	-		-		-
Grant Revenues (SRF Loans)		26,100,000		10,427,000	-		36,527,000		15,861,600
Net Use of Reserves (a)		-		772,700	-		772,700		-
<b>Total Revenues</b>	\$	134,408,000	\$	9,161,100	\$ -	\$	143,569,100	\$	72,515,700
Expenditures									
Capital Improvement Plan (b)	\$	179,210,000	\$	(567,400)	\$ -	\$	178,642,600	\$	83,084,300
Capital Spend Rate Adjustment		(44,802,000)		9,728,500	-		(35,073,500)		-
Total Expenditures (b)	\$	134,408,000	\$	9,161,100	\$ -	\$	143,569,100	\$	83,084,300
(a) Beginning Net Position						\$	12,438,000		
Net Use of Reserves							(772,700)		
Projected Ending Net Position						\$	11,665,300		
(b) Plus Direct I&E Projects		-					567,400		
Total CIP Expenditures		134,408,000					144,136,500		
Total Published Capital Improvement Plan		179,210,000					179,210,000		
Capital Spending Ratio		75.0%					80.4%		





Appropriation Level - Construction Fund - Water System Budget Amendment Explanations									
Revenues									
Transfers from Improvement	No budget amendment is required.								
& Extension Fund									
Bond Proceeds	No budget amendment is required.								
Earnings on Investments	No budget amendment is required.								
Grant Revenues No budget amendment is required. State revolving fund loan disbursements are									
(State Revolving Fund Loans)	reimbursement basis. The amount and timing of funds fluctuates with project expenditures								
	incurred. Details related to the SRF projects are presented in the quarterly debt report. The most								
	recent quarterly debt report is presented in the March 2022 Audit Committee binder which								
	provides details related to the SRF funding and associated projects.								
Net Use (Source) of Reserves	No budget amendment is required. This amount represents the net amount of revenues less								
	expenditures. A "use of reserves" indicates a spend down of prior year reserves.								
Expenditures									
Capital Improvement Plan	No budget amendment is required. This line represents an adjustment to the projects in the								
	Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.								
	This amount is reflected on the 'Capital Spending – Other' line on the Water Improvement &								
	Extension Fund table.								





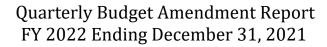
# Appropriation Level - Construction Fund - Water System Budget Amendment Explanations

Capital Spend Rate Assumption Adjustment No budget amendment is required. The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The Capital spend rate for the Water CIP was amended for the first quarter from 75.0% (projection at time of the FY 2022 budget adoption) to 80.4%. No further amendment is being propose for the second quarter. The most recent quarterly construction work-in-progress report is presented in the October 2021 Audit Committee binder.



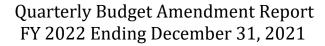
Table 4B - Appropriation Level - Construction Fund - Sewer System

Sewer Construction Fund		FY 2022 Board Adopted Budget	Total st Quarter FY 2022 nendments	Total 2nd Quarter FY 2022 Amendments		FY 2022 Amended Budget		FY 2022 ctivity Thru 2/31/2021
Revenues								
Transfer from Improvement & Extension Fund	\$	47,546,000	\$ 17,185,600	\$	-	\$	64,731,600	\$ 26,950,000
Bond Proceeds		-	-		-		-	-
Bond Fund Earnings on Investments		-	-		-		-	-
Grant Revenues (SRF Loans)		31,992,000	(17,843,000)		-		14,149,000	5,043,300
Net Use of Reserves (a)		-	2,008,200		1,100,000		3,108,200	<del>-</del>
Total Revenues	\$	79,538,000	\$ 1,350,800	\$	1,100,000	\$	81,988,800	\$ 31,993,300
Expenditures								
Capital Improvement Plan (b)	\$	106,050,000	\$ (722,200)	\$	-	\$	105,327,800	\$ 29,250,700
Capital Spend Rate Adjustment		(26,512,000)	2,073,000		1,100,000		(23,339,000)	-
Total Expenditures (b)	\$	79,538,000	\$ 1,350,800	\$	1,100,000	\$	81,988,800	\$ 29,250,700
(a) Beginning Net Position						\$	11,473,000	
Net Use of Reserves							(3,108,200)	
Projected Ending Net Position						\$	8,364,800	
(b) Plus Direct I&E Projects		-					722,200	
Total CIP Expenditures		79,538,000					82,711,000	
Total Published Capital Improvement Plan		106,050,000					106,050,000	
Capital Spending Ratio		75.0%					78.0%	





Appropriation Level - Construction Fund - Sewer System Budget Amendment Explanations							
Revenues							
Transfers from Improvement &	No budget amendment is required.						
Extension Fund							
Bond Proceeds	No budget amendment is required.						
Earnings on Investments	No budget amendment is required.						
Grant Revenues	No budget amendment is required. State revolving fund loan disbursements are on a						
(State Revolving Fund Loans)  Net Use (Source) of Reserves	reimbursement basis. The amount and timing of funds fluctuates with project expenditures incurred. Details related to the SRF projects are presented in the quarterly debt report. The most recent quarterly debt report is presented in the March 2022 Audit Committee binder which provides details related to the SRF funding and associated projects.  This amount represents the net amount of revenues less expenditures. A "use of reserves" indicates a spend down of prior year reserves. The amount has been amended to reflect the anticipated increase in the Capital spend rate from 77.0% (first quarter budget amendment projection) to 78.0%.						
Expenditures							
Capital Improvement Plan	No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing. This amount is reflected on the 'Capital Spending – Other' line on the Water Improvement & Extension Fund table.						





# Appropriation Level - Construction Fund - Sewer System Budget Amendment Explanations

Capital Spend Rate Adjustment

The proposed budget amendment represents the increase in the projected Capital spend rate for the Water CIP from 77.0% (first quarter budget amendment projection) to 78.0%. The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress report is presented in the October 2021 Audit Committee binder.



Supplemental Information -

Enterprise-wide Operations & Maintenance Department and Account Level Amendments

The summary of budget amendments for operations & maintenance (department and account level amendments) are organized by the four core groups. The FY 2022 second quarter budget amendments result in a net zero change to all categories: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.

GLWA's internal budget directive is for each area, group, and team to manage their needs to an amount within the initial budget. To the extent that is not possible, an amendment is made from the unallocated reserve. If savings are incurred, or an area appears to not require as much funding as established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased. In administering the budget, there are several refinements to departments and account categories. An explanation of key items is included in the table in Addendum 1.

Items greater than \$500,000 include the following (see Addendum 2 for a view of the operations & maintenance budget by expense category).

- Wastewater System Operations
  - ➤ Chemicals Increase of \$1.5 million to adjust for increase in cost and estimated usage in FY 2022.
  - ➤ Contractual Services Increase of \$0.9 million for usage demand of the facilities maintenance contract.
  - ➤ Supplies & Other Suburban Only Green Infrastructure Allocation: Decrease of \$1.1 million per the review of GLWA's obligations under the current permit.
  - ➤ Supplies & Other Decrease of \$0.7 million based on the usage of the HVAC contract (usage varies from year to year and additional work being performed by GLWA team members).
- Administrative & Other Services
  - ➤ Contractual Services Board of Directors: Increase of \$0.8 million for the amendment to a contract for the independent investigation into the rain events.

Supplemental Information Enterprise-wide Operations & Maintenance Department and Account Level Amendments

	Total	
	2nd Quarter	
	FY 2022	
Departmental and Account Level Amendments		Explanation of Key Items
B Wastewater System Operations Baby Creek Combined Sewer Overflow	0 (12,500)	
Chemicals	(12,500)	
Belle Isle Combined Sewer Overflow	(21,100)	
Chemicals	10,300	
Shared Services	(31,400)	
Belle Isle Pumping Station Shared Services	<b>8,800</b> 8,800	
Blue Hill Pumping Station	(99,200)	
Shared Services	(99,200)	
Conner Creek Combined Sewer Overflow	254,900	
Chemicals	254,900	
Fischer Pumping Station Shared Services	( <b>300</b> ) (300)	
Hubble Southfield CSO	17,000	
Chemicals	17,000	
Leib Combined Sewer Overflow	29,200	
Chemicals	29,200	
Oakwood Combined Sewer Overflow	23,900	
Chemicals Suburban Only Green Infrastructure Allocation	23,900 (1,110,000)	
Supplies & Other		Adjust budget due to review of obligations under the current permit
Wastewater Dewatering Process	118,600	, 0
Chemicals	118,600	
Wastewater Director	700,000	
Contractual Services		Increased usage demand of the facilities maintenance contract
Supplies & Other  Wastewater Laboratories	(190,000) <b>53,500</b>	Deferral of facility renovations (determined not needed in FY 2022)
Chemicals	53,500	
Wastewater Operations	(700,000)	
Supplies & Other	(700,000)	Reduction in use of HVAC contract
Wastewater Primary Process	467,200	
Chemicals	467,200	
Wastewater Process Control Supplies & Other	(360,400) (360,400)	Deferral due to SCADA system support contract renewal which is currently being negotiated
Wastewater Secondary Process	508,300	Bottomar due to Gov. By Coyotom Support Sonitable Formar Willow to Guironiay Botting Hogotaded
Chemicals	508,300	
Wastewater System Operations Unallocated Reserves	153,300	
Unallocated Reserve		Offset to Wastewater Systems Operations budget adjustments
Woodmere Pumping Station Shared Services	<b>(31,200)</b> (31,200)	
C Centralized Services	(51,200)	
Capital Improvement Planning		Transfer from Owners' Representative (Financial Services Area reorganization)
Personnel	61,700	
Info Tech Enterprise Asset Mgmt Systems	0	
Contractual Services Supplies & Other	200,000 (200,000)	
Info Technology Service Delivery	(200,000) <b>0</b>	
Personnel	100	
Supplies & Other	(100)	
Office of Emergency Preparedness		Establish budget for new cost center (Offset Security and Integrity)
Contractual Services	37,500 130,600	
Personnel Supplies & Other	2,500	
Office of the CIO	2,500	
Contractual Services	(34,500)	
Supplies & Other	34,500	
Security and Integrity	. , ,	Transfer budget to new cost center (Office of Emergency Preparedness)
Contractual Services Personnel	(76,300)	
Centralized Services Unallocated Reserves	(94,300) ( <b>61,700</b> )	
Unallocated Reserve		Offset to Centralized Services budget adjustments
D Administrative & Other Services	0	
Administrative Services Unallocated Reserves		Primarily used to offset the amendment to the AECOM contract (See Board of Directors below)
Unallocated Reserve	(783,300)	
Board of Directors Contractual Services	<b>800,000</b> 800,000	Estimated FY 2022 portion of amendment to AECOM contract for the independent investigation into the
	550,000	June and July 2021 rain events (Offset Unallocated Reserves)
Chief Administrative Officer	0	
Contractual Services	(3,700)	
Supplies & Other	3,700	
Financial Management & Planning Contractual Services	<b>54,000</b> 58,000	
Supplies & Other	(4,000)	
Supplied a Otiloi	(4,000)	

Supplemental Information Enterprise-wide Operations & Maintenance Department and Account Level Amendments

	Total	
	2nd Quarter	
	FY 2022	
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Financial Reporting & Accounting	(130,700)	
Contractual Services	(100,000)	
Supplies & Other	(30,700)	
General Counsel	153,000	
Contractual Services	153,300	
Supplies & Other	(300)	
Logistics and Materials	266,100	Adjust budget for the operation of the new Rialto warehouse
Contractual Services	118,000	
Personnel	6,000	
Supplies & Other	99,200	
Utilities	42,900	
OD Talent Management	0	
Contractual Services	(108,700)	
Personnel	70,700	
Supplies & Other	38,000	
Owners' Representative	(437,400)	Reorganization of the Owners' Representative cost center throughout various Finanical Services
		groups (Offset Unallocated Reserves, Procurement Director, and Capital Improvement Planning)
Capital Program Allocation	14,400	
Contractual Services	(25,000)	
Personnel	(402,700)	
Supplies & Other	(24,100)	
Procurement Director		Transfer from Owners' Representative (Financial Services Area reorganization)
Capital Program Allocation	(14,400)	
Contractual Services	50,000	
Personnel	90,200	
Supplies & Other	(47,500)	
Public Affairs	0	
Personnel	45,000	
Supplies & Other	(45,000)	
Grand Total	0	

Totals may be off due to rounding



## **ADDENDUM 2**

Supplemental Information –

Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

The table in Addendum 2 summarizes the FY 2022 second quarter budget amendments for operations & maintenance by the major expense categories (account type). An explanation of key items is included in the table in Addendum 2.

# Supplemental Information Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

	Total	
	2nd Quarter	
Expense Categories and Departmental Level	FY 2022	
Amendments		Explanation of Key Items
Capital Program Allocation Owners' Representative	14,400.00	Reorganization of the Owners' Representative cost center
Procurement Director	(14,400.00)	
Chemicals	,	Adjust for increase cost of chemicals and estimated usage in FY 2022
Baby Creek Combined Sewer Overflow	(12,500.00)	, ·
Belle Isle Combined Sewer Overflow	10,300.00	
Conner Creek Combined Sewer Overflow	254,900.00	
Hubble Southfield CSO	17,000.00	
Leib Combined Sewer Overflow	29,200.00	
Oakwood Combined Sewer Overflow Wastewater Dewatering Process	23,900.00 118,600.00	
Wastewater Laboratories	53,500.00	
Wastewater Primary Process	467,200.00	
Wastewater Secondary Process	508,300.00	
Contractual Services	1,958,600.00	
Board of Directors	800,000.00	Estimated FY 2022 portion of amendment to AECOM contract for the independent investigation into the
	/·	June and July 2021 rain events (Offset Unallocated Reserves)
Chief Administrative Officer	(3,700.00)	
Financial Management & Planning	58,000.00	
Financial Reporting & Accounting General Counsel	(100,000.00) 153,300.00	
Info Tech Enterprise Asset Mgmt Systems	200,000.00	
Logistics and Materials	118,000.00	
OD Talent Management	(108,700.00)	
Office of Emergency Preparedness	37,500.00	
Office of the CIO	(34,500.00)	
Owners' Representative	(25,000.00)	
Procurement Director	50,000.00	
Security and Integrity Wastewater Director	(76,300.00)	
Personnel	(92,700.00)	Increased usage demand of the facilities maintenance contract
Capital Improvement Planning	61,700.00	
Financial Management & Planning	0.00	
Info Technology Service Delivery	100.00	
Logistics and Materials	6,000.00	
OD Talent Management	70,700.00	
Office of Emergency Preparedness		Establish budget for new cost center (Offset Security and Integrity)
Owners' Representative	(402,700.00)	Reorganization of the Owners' Representative cost center to Capital Improvement Planning and Procurement
Procurement Director	90,200.00	Floculement
Public Affairs	45,000.00	
Security and Integrity	(94,300.00)	
Shared Services		To adjust OPS-008 (Systems Control Center, Detroit Only Pump Stations/CSO) for maintenance
		needs; Shared Services is a "contra" account which offsets items in the O&M budget that can be billed
	42.4.4.2.2.2.2	via a shared services agreement.
Belle Isle Combined Sewer Overflow	(31,400.00)	
Belle Isle Pumping Station	8,800.00	
Blue Hill Pumping Station Fischer Pumping Station	(99,200.00) (300.00)	
Woodmere Pumping Station	(31,200.00)	
Supplies & Other	(2,534,200.00)	
Chief Administrative Officer	3,700.00	
Chief Executive Officer	0.00	
Financial Management & Planning	(4,000.00)	
Financial Reporting & Accounting	(30,700.00)	
General Counsel	(300.00)	
HazMat	0.00	
Info Tech Business Productivity Systems	0.00	
Info Tech Enterprise Asset Mgmt Systems Info Technology Infrastructure	(200,000.00) 0.00	
Info Technology Infrastructure Info Technology Service Delivery	(100.00)	
Logistics and Materials	99,200.00	
OD Talent Management	38,000.00	
Office of Emergency Preparedness	2,500.00	
Office of the CIO	34,500.00	
Owners' Representative	(24,100.00)	
Procurement Director	(47,500.00)	
Public Affairs	(45,000.00)	
Suburban Only Green Infrastructure Allocation		Adjust budget due to review of obligations under the current permit
Wastewater Director	(190,000.00)	
Wastewater Operations	(700,000.00)	Reduction in use of HVAC contract

### Supplemental Information Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

Expense Categories and Departmental Level Amendments	Total 2nd Quarter FY 2022 Amendments	Explanation of Key Items
Wastewater Process Control	(360,400.00)	Deferral due to SCADA system support contract renewal which is currently being negotiated
Unallocated Reserve	(691,700.00)	
Administrative Services Unallocated Reserves	(,/	Primarily used to offset the amendment to the AECOM contract for the independent investigation into the June and July rain events.
Wastewater System Operations Unallocated Reserves	153,300.00	
Centralized Services Unallocated Reserves	(61,700.00)	
Utilities	42,900.00	
Logistics and Materials	42,900.00	
Grand Total	0	

Totals may be off due to rounding

### **Great Lakes Water Authority**

### **Resolution 2022 -117**

# Resolution Adopting the Budget Amendments through the Second Quarter of FY 2022

## By Board Member:

WHEREAS The Great Lakes Water Authority ("GLWA" or the "Authority") assumed the operation of the regional water and sewer systems on January 1, 2016 (the "Effective Date") pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

**WHEREAS** The GLWA Board adopted the FY 2022 budget on March 24, 2021, for the twelvemonth fiscal year beginning July 1, 2021;

WHEREAS Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating						
Appropriation Category	Water	System	Sewer	Sewer System		
Revenues	Adopted	Amended	Adopted	Amended		
Suburban Wholesale Customer Charges	\$321,110,900	\$318,710,900	\$ 272,130,000	\$266,730,000		
Retail Service Charges	21,697,300	No Change	188,662,200	No Change		
Industrial Waste Control Charges	-	-	9,024,800	8,324,800		
Pollutant Surcharges	-	-	4,188,900	No Change		
Investment Earnings	1,047,300	1,923,800	1,023,300	1,876,200		
Other Revenues	175,000	291,000	400,000	490,000		
Total Revenues	\$ 344,030,500	\$ 342,623,000	\$ 475,429,200	\$470,272,100		
Revenue Requirements						
Operations & Maintenance Expense	\$143,933,800	No Change	\$ 181,299,800	No Change		
General Retirement System Legacy Pension	6,048,000	No Change	10,824,000	No Change		
Debt Service	135,481,000	135,121,000	207,209,500	204,984,500		
General Retirement System Accelerated Pension	6,268,300	No Change	11,620,700	No Change		
Extraordinary Repair & Replacement Deposit	-	No Change	-	No Change		
Water Residential Assistance Program Contribution	1,705,500	No Change	2,358,300	No Change		
Regional System Lease	22,500,000	No Change	27,500,000	No Change		
DWSD Budget Shortfall Pending	-	No Change	-	No Change		
Improvement & Extension Fund Transfer	28,093,900	27,046,400	34,616,900	31,684,800		
Total Revenue Requirements	\$ 344,030,500	\$342,623,000	\$ 475,429,200	\$470,272,100		

# WHEREAS Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

Debt Service Coverage Calculation						
Appropriation Category	Water	System	Sewer	Sewer System		
Debt Service by Lien	Adopted	Amended	Adopted	Amended		
Senior Lien Bonds	124,309,700	No Change	133,195,700	130,820,700		
Second Lien Bonds	46,840,400	No Change	51,893,000	No Change		
SRF Junior Lien Bonds	6,695,100	6,335,100	53,921,600	54,071,600		
Total Debt Service	\$ 177,845,200	\$ 177,485,200	\$ 239,010,300	\$236,785,300		

WHEREAS Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund									
Appropriation Category		Water	Sys	tem		Sewer System			tem
Revenues	Ado	Adopted Amended		Adopted Amended Adopted		Adopted		Amended	
Transfers In from General Operating	\$ 28,0	93,900	\$	27,046,400	(	\$	34,616,900	\$	31,684,800
Receipt of DWSD Shortfall Loan		-		-			406,400		144,900
Earnings on Investments		-		1,329,000			-		1,004,900
Net Use of Reserves	97,2	220,700		93,766,200			28,487,800		50,970,000
Total Revenues	\$ 125,3	314,600	\$1	122,141,600	-	\$	63,511,100	\$	83,804,600
Expenditures					_				
Water/Sewer System Revenue Transfers Out	\$	-	\$	1,329,000	,	\$	-	\$	1,004,900
Capital Spending - Other		-		567,400			-		722,200
Capital Outlay	17,0	006,600		13,975,800			15,965,100		17,345,900
Revenue Financed Capital - Opoerating									
Transfer to Construction Fund	108,3	308,000	1	106,269,400			47,546,000		64,731,600
Total Expenditures	\$ 125,3	314,600	\$ 1	122,141,600	,	\$	63,511,100	\$	83,804,600

WHEREAS Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund								
Appropriation Category	Water	Water System			Sewer System			
Revenues	Adopted	Adopted Amended Ad			Amended			
Transfer from Improvement & Extension Fund	\$ 108,308,000	106,269,400	\$	47,546,000	64,731,600			
Bond Proceeds	-	No Change		-	No Change			
Grant Revenues (SRF Loans)	26,100,000	36,527,000		31,992,000	14,149,000			
Earnings on Investments	-	No Change		-	No Change			
Net Use of Reserves	-	772,700		-	3,108,200			
Total Revenues	\$ 134,408,000	\$ 143,569,100	\$	79,538,000	\$ 81,988,800			
Expenditures			_					
Project Expenditures	\$ 134,408,000	143,569,100	\$	79,538,000	81,988,800			
Total Expenditures	\$134,408,000	\$ 143,569,100	\$	79,538,000	\$ 81,988,800			
Capital Spending Ratio	75.0%	80.4%		75.0%	78.0%			

- **WHEREAS** The GLWA Audit Committee reviewed the budget amendments at its meetings on March 25, 2022; and
- **WHEREAS** An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution.

### **NOW THEREFORE BE IT:**

- **RESOLVED** That the GLWA Board approves the FY 2022 Second Quarter Budget Amendments; and be it finally
- **RESOLVED** That the Interim Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.