



Financial Services Audit Committee Communication

Date: February 23, 2018

To: Great Lakes Water Authority Audit Committee

From: Lisa Mancini, Interim Financial Planning & Analysis Manager

Re: FY 2018 Budget Update and Amendments through December 31, 2017

Background: The Great Lakes Water Authority (GLWA) ended its most recent fiscal quarter ended December 31, 2017. Accordingly, a quarter ended report has been prepared to present the current budget progress.

Analysis: This report contains the following for review and discussion.

- ✓ Water System - Interim Budget to Actual Report - Revenue Requirement Budget Basis
- ✓ Sewage Disposal System - Interim Budget to Actual Report - Revenue Requirement Budget Basis
- ✓ O&M Category analysis
- ✓ O&M Contractual Services by Cost Center
- ✓ Staffing - Budget vs. Actual (Annualized)
- ✓ Overtime by Major Budget Category analysis
- ✓ Budget Amendment Report

It should be noted that these interim reports have been prepared on a modified cash basis. This means that revenues are accrued but many expenses lag in vendor invoice receipt and posting. Other expenses, such as shared services have been accrued.

Proposed Action: Receive and file report.

Great Lakes Water Authority
Water System -Interim Budget to Actual Report - Revenue Requirement Budget Basis
FY 2018 through December 31, 2017

	FY 2018 Original Budget	FY 2018 Amended Budget	Percent of Total Amended Budget	Prorated FY 2018 Amended Budget (Six Months)	Actual (Modified Cash Basis) thru 12/31/2017	Dollar Variance Positive/ (Negative)	Percent Variance Positive/ (Negative)	Variance Explanation Code
Water System								
Revenues	\$ 328,119,300	\$ 328,119,300	100.0%	\$ 164,059,700	179,663,400	\$ 15,603,700	9.5%	
Customer Charges	325,150,400	325,150,400	99.1%	162,575,200	178,447,600	15,872,400	9.8%	
0.1 Revenues From Wholesale Customer Charges	310,019,800	310,019,800	94.5%	155,009,900	170,882,300	15,872,400	10.2%	
0.2 Revenues From Retail Services Agreement	15,130,600	15,130,600	4.6%	7,565,300	7,565,300	-	0.0%	
Other	2,968,900	2,968,900	0.9%	1,484,500	1,215,800	(268,700)	-18.1%	
0.6 Other Revenues	36,000	36,000	0.0%	18,000	82,400	64,400	357.8%	
0.7 Investment Earnings	2,932,900	2,932,900	0.9%	1,466,500	1,133,400	(333,100)	-22.7%	
Revenue Requirement	\$ 328,119,300	\$ 328,119,300	100.0%	\$ 164,059,900	\$ 135,782,750	\$ 28,277,150	17.2%	
Operations & Maintenance Expenses	127,610,600	127,610,600	38.9%	63,805,400	35,528,400	28,277,000	44.3%	
A Water Operations	66,597,200	66,597,100	20.3%	33,298,600	19,603,600	13,695,000	41.1%	2,5,9
C Centralized Services	42,589,000	42,589,200	13.0%	21,294,600	9,216,000	12,078,600	56.7%	1,2,4,5,7,8
D Administrative Services	12,376,400	12,376,300	3.8%	6,188,200	3,684,800	2,503,400	40.5%	4,9
Master Bond Ordinance Commitment:						-		
9.2 O&M Legacy Pension Allocation	6,048,000	6,048,000	1.8%	3,024,000	3,024,000	-	0.0%	
Master Bond Ordinance Commitments - Non O&M	167,687,500	167,854,300	51.2%	83,927,300	83,927,150	150	0.0%	
9.1 Debt Service - Principal & Interest	135,464,400	135,631,200	41.3%	67,815,600	67,815,600	-	0.0%	
9.3 Accelerated Legacy Pension Allocation	6,268,300	6,268,300	1.9%	3,134,200	3,134,150	50	0.0%	
9.4 Water Residential Assistance Program	1,678,600	1,678,600	0.5%	839,300	839,300	-	0.0%	
9.5 Extraordinary Repair & Replacement Deposit	1,452,500	1,452,500	0.4%	726,300	726,250	50	0.0%	
9.5 Lease Payment to Local System I&E Fund	22,500,000	22,500,000	6.9%	11,250,000	11,250,000	-	0.0%	
9.6 Operating Reserve Deposit	323,700	323,700	0.1%	161,900	161,850	50	0.0%	
Improvement & Extension Fund Allocation	32,821,200	32,654,400	10.0%	16,327,200	16,327,200	-	0.0%	
Overall Budget Variance						\$ 43,880,850	13.4%	
Recap:								
Revenues	\$ 328,119,300	\$ 328,119,300	100.0%	\$ 164,059,700	\$ 179,663,400			
Less: Operations & Maintenance	(127,610,600)	(127,610,600)	-38.9%	(63,805,400)	(35,528,400)			
Revenues Available After O&M Expense	200,508,700	200,508,700	61.1%	100,254,300	144,135,000			
Less: Master Bond Ordinance Requirements	(167,687,500)	(167,687,500)	-51.1%	(83,927,300)	(83,927,150)			
Potential Transfer to I&E	<u>\$ 32,821,200</u>	<u>\$ 32,821,200</u>	<u>10.0%</u>	<u>\$ 16,327,000</u>	<u>\$ 60,207,850</u>			

Great Lakes Water Authority
 Sewage Disposal System - Interim Budget to Actual Report - Revenue Requirement Budget Basis
 FY 2018 through December 31, 2017

	FY 2018 Original Budget	FY 2018 Amended Budget	Percent of Total Amended Budget	Prorated FY 2018 Amended Budget (Six Months)	Actual Modified Cash Basis thru 12/31/2017	Dollar Variance Positive/ (Negative)	Percent Variance Positive/ (Negative)
Sewage Disposal System							
Revenues	465,500,100	472,701,100	100.0%	236,350,700	240,278,800	3,928,100	1.7%
Customer Charges	443,197,400	450,398,400	95.3%	225,199,300	225,200,400	1,100	0.0%
0.1 Revenues From Wholesale Customer Charges	268,618,700	271,429,300	57.4%	135,714,700	135,715,800	1,100	0.0%
0.2 Revenues From Retail Services Agreement	178,969,100	178,969,100	37.9%	89,484,600	89,484,600	-	0.0%
0.3 Revenues From Bad Debt Expense Recovery	(4,390,400)	-	0.0%	-	-	-	0.0%
Other	22,302,700	22,302,700	4.7%	11,151,400	15,078,400	3,927,000	35.2%
0.4 Industrial Waste Control Charges	14,452,700	14,452,700	3.1%	7,226,400	7,145,500	(80,900)	-1.1%
0.5 Pollutant Surcharges	5,099,000	5,099,000	1.1%	2,549,500	3,038,700	489,200	19.2%
0.6 Other Revenues	467,200	467,200	0.1%	233,600	3,655,300	3,421,700	1464.8%
0.7 Investment Earnings	2,283,800	2,283,800	0.5%	1,141,900	1,238,900	97,000	8.5%
Revenue Requirements	465,500,100	472,701,100	100.0%	236,350,900	206,666,950	29,683,950	12.6%
Operations & Maintenance Expenses	201,903,400	209,104,400	44.2%	104,552,300	74,868,600	29,683,700	28.4%
B Sewer Operations	118,318,900	120,729,900	25.5%	60,365,000	42,844,300	17,520,700	29.0% 2,3,5
C Centralized Services	56,455,500	61,245,500	13.0%	30,622,800	19,942,700	10,680,100	34.9% 1,2,4,5,7,8
D Administrative Services	16,305,000	16,305,000	3.4%	8,152,500	6,669,600	1,482,900	18.2% 4,9
Master Bond Ordinance Commitment:							
9.2 O&M Legacy Pension Allocation	10,824,000	10,824,000	2.3%	5,412,000	5,412,000	-	0.0%
Master Bond Ordinance Commitments	251,674,600	249,919,000	52.9%	124,959,700	124,959,500	200	0.0%
9.1 Debt Service - Principal & Interest	207,615,500	205,859,900	43.5%	102,930,000	102,929,950	50	0.0%
9.3 Accelerated Legacy Pension Allocation	11,620,700	11,620,700	2.5%	5,810,400	5,810,350	50	0.0%
9.4 Water Residential Assistance Program	2,313,700	2,313,700	0.5%	1,156,900	1,156,850	50	0.0%
9.5 Extraordinary Repair & Replacement Deposit	2,283,100	2,283,100	0.5%	1,141,600	1,141,550	50	0.0%
9.5 Lease Payment To Local System I&E Fund	27,500,000	27,500,000	5.8%	13,750,000	13,750,000	-	0.0%
9.6 Operating Reserve Deposit	341,600	341,600	0.1%	170,800	170,800	-	0.0%
Improvement & Extension Fund Allocation	11,922,100	13,677,700	2.9%	6,838,900	6,838,850	50	0.0%
Overall Budget Variance						\$ 33,612,050	7.1%
Recap:							
Revenues	\$ 465,500,100	\$ 472,701,100	144.1%	\$ 236,350,700	\$ 240,278,800		
Less: Operations & Maintenance	(201,903,400)	(209,104,400)	-63.7%	(104,552,300)	(74,868,600)		
Revenues Available After O&M Expense	263,596,700	263,596,700	80.3%	131,798,400	165,410,200		
Less: Master Bond Ordinance Requirements	(251,674,600)	(249,919,000)	-76.2%	(124,959,700)	(124,959,500)		
Potential Transfer to I&E	\$ 11,922,100	\$ 13,677,700	4.2%	\$ 6,838,700	\$ 40,450,700		

Great Lakes Water Authority
Interim Budget to Actual Report - Revenue Requirement Budget Basis
FY 2018 through December 31, 2017

Code	Explanation
1	Not all budgeted FTE positions have been filled. See separate staffing analysis.
2	Utility bills are not posting in the month in which the service was incurred. Depending on the type of utility and the location of the meter, the bills can lag anywhere between two to four months. Accruals have not been posted for utilities.
3	The actual bulk chemicals usage is lower than budgeted. It was recently determined that the FY 2018 budget was based on a period of years where the chemical usage at the wastewater resource recovery facility was consistently high. This is being corrected going forward.
4	Invoices for expenses captured in the 'Supplies & Other' category have not been accrued. The time lag in posting can be from four to six weeks. Accruals have not been posted.
5	Contracted Services invoices are not always posting in the month in which the services were incurred. On average the lag appears to be two months. Accruals have not been posted. See supplemental schedule of contractual services by cost center.
6	Capital overhead policy being revisited (memo for Item #7D from 1.19.2018 Audit Committee meeting.) Budget may be further reduced in 3rd Quarter FY 2018. Additional resource and technology under consideration to improve project timekeeping.
7	An estimate for Shared Services activity has been posted based upon budget and preliminary review of shared services activity to date.
8	Capital Outlay items largely will occur in the second half of FY 2018.
9	Unallocated reserves have not been used or have a significant balance remaining in the account. See separate analysis related to unallocated reserve.
10	Item under review.
11	Timing of projects under review.

Great Lakes Water Authority
Interim Budget to Actual Report - Revenue Requirement Budget Basis
FY 2018 through December 31, 2017

O&M Category	FY 2018 Original Budget	FY 2018 Amended Budget	Percent of Total Amended Budget	Prorated FY 2018 Amended Budget (Six Months)	Actual (Modified Cash Basis) thru 12/31/2017	Dollar Variance Positive/ (Negative)	Percent Variance/ Positive/ (Negative)	Variance Explanation Code
Personnel	\$ 101,113,100	\$ 99,804,400	29.6%	\$ 49,902,200	\$ 43,156,900	\$ 6,745,300	13.5%	1
Utilities	59,036,600	59,036,600	17.5%	29,518,300	14,572,700	14,945,600	50.6%	2
Chemicals	17,806,600	17,806,600	5.3%	8,903,300	6,360,700	2,542,600	28.6%	3
Supplies & Other	34,800,600	34,870,400	10.4%	17,435,200	10,128,000	7,307,200	41.9%	4
Contractual Services	127,816,900	127,566,000	37.9%	63,783,000	33,216,400	30,566,600	47.9%	5
Capital Program Allocation	(25,358,600)	(19,943,900)	-5.9%	(9,971,950)	(697,700)	(9,274,250)	93.0%	6
Shared Services	(16,281,700)	(14,741,900)	-4.4%	(7,370,950)	(7,175,000)	(195,950)	2.7%	7
Capital Outlay	7,353,400	7,353,400	2.2%	3,676,700	2,399,200	1,277,500	34.7%	8
Unallocated Reserve	6,353,900	8,090,300	2.4%	4,045,150	-	4,045,150	100.0%	9
O&M Legacy Pension Allocation	16,872,000	16,872,000	5.0%	8,436,000	8,436,000	-	0.0%	
Total	\$ 329,512,800	\$ 336,713,900	100.0%	\$ 168,356,950	\$ 110,397,200	\$ 57,959,750	34.4%	

Great Lakes Water Authority
Interim Budget to Actual Report - Revenue Requirement Budget Basis
FY 2018 through December 31, 2017

		FY 2018 Original	FY 2018	Prorated FY	Actual (Modified	Percent of Total	
O&M Contractual Services by Cost Center		Budget	Amended Budget	2018 Amended Budget (Six Months)	Cash Basis) thru 12/31/2017	Amended Budget (Six Months)	Explanation Code
881001	Chief Executive Officer	100,000	60,000	30,000	-	0.0%	
881101	Public Affairs	301,000	301,000	150,500	108,600	72.2%	
881151	Board of Directors	150,000	-	-	-	N/A	
881201	Security and Integrity	350,000	325,000	162,500	138,500	85.2%	
882001	COO - Water Operations & Field Services	250,000	250,000	125,000	-	0.0%	
882101	Water Director	3,200	3,200	1,600	4,900	306.3%	10
882111	Water Engineering	450,000	450,000	225,000	-	0.0%	
882121	Water Quality	66,600	66,600	33,300	41,600	124.9%	
882131	Water Works Park	1,506,200	1,506,200	753,100	528,900	70.2%	
882141	Springwells Water Plant	2,255,400	2,255,400	1,127,700	503,700	44.7%	
882151	Northeast Water Plant	1,434,400	1,434,400	717,200	732,400	102.1%	
882161	Southwest Water Plant	747,700	747,700	373,850	288,000	77.0%	
882171	Lake Huron Water Plant	1,184,900	1,184,900	592,450	177,200	29.9%	
882301	Systems Operations Control	14,479,300	14,479,300	7,239,650	1,146,200	15.8%	
882336	Schoolcraft Pumping Station	-	-	-	8,300	N/A	10
882421	Facility Operations	7,395,000	7,395,000	3,697,500	810,600	21.9%	
882422	Fleet Operations	2,150,900	2,150,900	1,075,450	-	0.0%	
882431	Field Service Operations	12,720,000	12,720,000	6,360,000	4,242,000	66.7%	
882501	Energy, Research & Innovation	-	391,600	195,800	16,600	8.5%	
883101	General Counsel	4,190,000	4,190,000	2,095,000	979,400	46.7%	
883201	Organizational Development	1,273,300	1,273,300	636,650	196,100	30.8%	
883301	Office of the CIO	388,400	388,400	194,200	12,000	6.2%	
883311	InfoTechnology Project Management Office	-	-	-	79,200	N/A	
883321	Info Technology Service Delivery	461,000	461,000	230,500	126,500	54.9%	
883331	Info Technology Infrastructure	13,184,800	13,184,800	6,592,400	4,774,000	72.4%	
883341	Info Technology Enterprise Applications	1,010,400	1,010,400	505,200	468,100	92.7%	
883351	Info Technology Business Applications	3,047,700	3,047,700	1,523,850	1,637,800	107.5%	
883401	Enterprise Risk Management and Safety	2,300,000	2,300,000	1,150,000	370,600	32.2%	
883411	Enterprise Risk Mgt. Insurance Fund	1,000,000	1,000,000	500,000	1,609,700	321.9%	10
884001	Chief Financial Officer	200,000	200,000	100,000	80,000	80.0%	
884111	Financial Reporting & Accounting	759,000	759,000	379,500	346,000	91.2%	
884113	Financial Planning & Analysis	200,000	200,000	100,000	156,000	156.0%	
884121	Procurement	-	-	-	21,100	N/A	10
884122	Construction and Contract Services	30,000	30,000	15,000	21,000	140.0%	
884123	Supply Chain Operations	47,000	47,000	23,500	19,300	82.1%	
884131	Treasury	1,418,500	1,418,500	709,250	198,700	28.0%	
884141	Public Finance	382,500	382,500	191,250	155,000	81.0%	
886001	Chief Planning Officer	425,000	59,100	29,550	25,200	85.3%	
886101	Systems Planning	5,646,000	5,610,000	2,805,000	882,100	31.4%	
886201	Asset Management	10,283,000	10,283,000	5,141,500	144,300	2.8%	11
886301	Energy Management	97,900	72,300	36,150	75,300	208.3%	10
892201	Wastewater Director	2,000,000	2,000,000	1,000,000	114,700	11.5%	
892223	Wastewater Primary Process	25,000	25,000	12,500	45,500	364.0%	10
892224	Wastewater Secondary Process	27,000	27,000	13,500	298,100	2208.1%	10
892235	Wastewater Laboratories	265,800	265,800	132,900	106,700	80.3%	
892277	Baby Creek Combined Sewer Overflow	-	-	-	8,000	N/A	10
892279	Belle Isle Combined Sewer Overflow	-	-	-	16,500	N/A	10
Grand Total		127,816,900	127,566,000	63,783,000	33,216,400	52.1%	

Great Lakes Water Authority
Interim Budget to Actual Report - Revenue Requirement Budget Basis
FY 2018 through December 31, 2017

Overtime by Major Budget Category	Overtime Hours from Dayforce (1.5x and 2.0x)	Original Budget by Quarter	Amended Budget by Quarter	Overtime Amount from Dayforce (1)	Dollar Variance Positive/ (Negative)	Percent Variance Positive/ (Negative)
FY 2018 Q1	44,559.94	1,832,125	1,793,525	1,641,983	151,542	8.4%
A Water System Operations	10,940.95	386,250	386,250	441,519	(55,269)	-14.3%
B Wastewater System Operations	21,293.63	845,000	845,000	770,228	74,772	8.8%
C Centralized Services	12,154.74	593,700	555,100	424,561	130,539	23.5%
D Administrative & Other Services	170.62	7,175	7,175	5,676	1,499	20.9%
FY 2018 Q2	38,159.22	1,832,125	1,793,525	1,422,788	370,737	20.7%
A Water System Operations	10,406.49	386,250	386,250	411,667	(25,417)	-6.6%
B Wastewater System Operations	19,018.54	845,000	845,000	689,969	155,031	18.3%
C Centralized Services	8,535.59	593,700	555,100	314,283	240,817	43.4%
D Administrative & Other Services	198.60	7,175	7,175	6,869	306	4.3%
Grand Total	82,719.16	3,664,250	3,587,050	3,064,771	522,279	14.6%

(1) Total amount per BS&A General Ledger for the six months ended December 31, 2017 is \$3,069,300. Difference due to change in coding during 2017.

**Great Lakes Water Authority
Staffing - Budget vs. Actual (Annualized)**

Calendar Year 2016

Line #	Annual Positions	Bifurcation Budget FY 2016						New Budget Year FY 2017						Year to Date (CY 2016)
		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	
Budgeted "Positions" (Staffing Plan)														
1	Employees	995.00	995.00	995.00	995.00	995.00	995.00	995.00	995.00	995.00	995.00	995.00	995.00	
2	Transition Services Contractors	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	
3	Total Positions	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	
Budgeted "FTEs" (Based on Quarterly Hiring Assumptions) (Requested FTEs)														
4	Employees	995.00	995.00	995.00	995.00	995.00	995.00	840.00	840.00	840.00	875.75	875.75	875.75	
5	Transition Services Contractors	110.00	110.00	110.00	110.00	110.00	110.00	102.00	102.00	102.00	102.00	102.00	102.00	
6	Total Positions	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	942.00	942.00	942.00	977.75	977.75	977.75	
Actual Employee Positions														
7	Beginning Balances	769.00	716.00	729.00	741.00	759.00	757.00	770.00	781.00	791.00	783.00	791.00	793.00	769.00
8.1	New Hires	9.00	20.00	15.00	20.00	10.00	18.00	13.00	15.00	4.00	14.00	6.00	8.00	152.00
8.2	Rehires	-	-	-	-	-	-	-	-	-	1.00	-	2.00	3.00
9	Terminations	62.00	7.00	3.00	2.00	12.00	5.00	2.00	5.00	12.00	7.00	4.00	5.00	126.00
10	Ending Balance (1)	716.00	729.00	741.00	759.00	757.00	770.00	781.00	791.00	783.00	791.00	793.00	798.00	798.00
11	Budget to Actual Variance (Employee Positions) (Row 1 minus Row 11)	279.00	266.00	254.00	236.00	238.00	225.00	214.00	204.00	212.00	204.00	202.00	197.00	
12	Budget to Actual Variance (FTEs) with Quarterly Adjustment for Vacancy Adjustment (Row 4 minus Row 7)	226.00	279.00	266.00	254.00	236.00	238.00	70.00	59.00	49.00	92.75	84.75	82.75	
	(1) Includes Active; Active-FMLA, and STD													
	Check Figure (New Hires - Terminations)	716	13	12	18	-2	13	11	10	-8	7	2	3	
	Difference, if any	-	-	-	-	-	-	-	-	-	-	-	-	

Great Lakes Water Authority
Staffing - Budget vs. Actual (Annualized)

Calendar Year 2017

Line #	Annual Positions	FY 2017 Budget						New Budget Year FY 2018						Year to Date (CY 2017)
		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	
Budgeted "Positions" (Staffing Plan)														
1	Employees	995.00	995.00	995.00	995.00	995.00	995.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00
2	Transition Services Contractors	110.00	110.00	110.00	110.00	110.00	110.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00
3	Total Positions	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,105.00	1,177.00	1,177.00	1,177.00	1,177.00	1,177.00	1,177.00	1,177.00
Budgeted "FTEs" (Based on Quarterly Hiring Assumptions) (Requested FTEs)														
4	Employees	891.75	891.75	891.75	994.00	994.00	994.00	1,053.00	1,053.00	1,053.00	1,053.00	1,053.00	1,053.00	1,053.00
5	Transition Services	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.25	102.25	102.25	102.25
6	Total Positions	993.75	993.75	993.75	1,096.00	1,096.00	1,096.00	1,155.00	1,155.00	1,155.00	1,155.25	1,155.25	1,155.25	1,155.25
Actual Employee Positions														
7	Beginning Balances	798.00	799.00	801.00	814.00	836.00	848.00	873.00	870.00	896.00	899.00	909.00	920.00	798.00
8.1	New Hires	10.00	14.00	19.00	25.00	17.00	35.00	25.00	29.00	10.00	15.00	17.00	9.00	225.00
8.2	Rehires	-	-	-	-	2.00	2.00	-	1.00	-	1.00	-	-	6.00
9	Terminations	9.00	12.00	6.00	3.00	7.00	12.00	28.00	4.00	7.00	6.00	6.00	5.00	105.00
10	Ending Balance (1)	799.00	801.00	814.00	836.00	848.00	873.00	870.00	896.00	899.00	909.00	920.00	924.00	924.00
11	Budget to Actual Variance (Employee Positions) (Row 1 minus Row 7)	196.00	194.00	181.00	159.00	147.00	122.00	205.00	179.00	176.00	166.00	155.00	151.00	
12	Budget to Actual Variance (FTEs) with Quarterly Adjustment (Row 4 minus Row 7)	93.75	92.75	90.75	180.00	158.00	146.00	180.00	183.00	157.00	154.00	144.00	133.00	
	(1) Includes Active; Active-FMLA, and STD													
	Check Figure (New Hires - Terminations)	1	2	13	22	10	23	-3	25	3	9	11	4	
	Difference, if any	-	-	-	-	-	-	-	-	-	-	-	-	

**Great Lakes Water Authority
Budget Amendment Report
As of December 31, 2017**

The purpose of this report is to present the Operations & Maintenance (O&M) budget amendments that have been processed for FY 2018 from July 1, 2017, through December 31, 2017. This report contains two parts.

Part 1 - Budget Amendments Processed for FY 2018 thru December 31, 2017

The attached document contains a detailed listing of the O&M budget amendments that have been processed for FY 2018.

- ✓ Many of the budget amendments recorded thus far have been reclassifications within a cost center or operating area to improve assignment of costs.
- ✓ Several budget amendments (No. 7626, 7627, 7628, and 7965) have been recorded to transfer costs to the newly formed Energy, Research & Innovation group. Prior to the formation of this new group, the budget for this effort had been managed in the Energy Management and Chief Planning Officer/Research & Innovation groups. The Energy, Research & Innovation group was launched on December 1, 2017.

Part 2 - Analysis of Unallocated Reserves thru December 31, 2017

The table below identifies four categories of unallocated reserve by the four primary budget areas. This table includes the FY 2018 approved budget amounts as well as the net effect of the budget amendments as described below.

GL String	Description	FY 2018 Adopted Budget	FY 2018 Amended Budget	FY 2018 Increase/(Decrease) Budget
5910-887601.000-832000-WS7310	Unallocated Reserve - Water System Operations	2,036,500	2,036,500	-
5910-887602.000-832000-WS7900	Unallocated Reserve - Centralized Services	1,897,400	1,222,800	(674,600)
5910-887603.000-832000-WS7900	Unallocated Reserve - Administrative Services	2,000,000	2,000,000	-
5960-897600.000-832000-SD8050	Unallocated Reserve - Wastewater System Operations	420,000	2,831,000	2,411,000
	Total Unallocated Reserve	\$ 6,353,900	\$ 8,090,300	\$ 1,736,400

Unallocated Reserve – Centralized Services

There are two items that equal the \$674,600 shown above.

- (\$624,700) – The budget for Non-Personnel Capital Overhead Allocation is shown as negative amounts because they are “contra” accounts which represent an offset to the Contracted Services section of the O&M budget. The decrease represents a realignment between O&M costs and Capital Program Expenses by taking into consideration the percentage of time that a contractor is projected to work on capital projects. A review of the FY 2018 budget for Non-personnel Capital Overhead Allocation for the Asset Management (Centralized Services) group revealed that the budget should be reduced for this line item. The resulting entry was to reduce (debit) the

Non-personnel Capital Overhead Allocation account and reduce (credit) the Unallocated Reserve. (Budget Amendment No. 7671)

- (\$49,900) – The cancellation of the Shared Services Agreement OPS-005 lead to a realignment of the Security & Integrity (Centralized Services) budget for FY 2018. There was a difference of \$49,900 between the budget for the Shared Services and the actual line item costs for this service. This difference was credited from the Unallocated Reserve. (Budget Amendment No. 7061 and 8105)

Unallocated Reserve – Wastewater System Operations

There are two items that equal the \$2,411,000 shown above.

- (\$4,790,000) – As noted in the Unallocated Reserve – Centralized Services section, above, a review of the Capital Overhead Allocation budget was conducted. In addition to the adjustment to the Centralized Services area, an additional reduction to the Non-personnel Capital Overhead Allocation budget was made to the Wastewater System Operations area. The resulting entry was to reduce (debit) the Non-personnel Capital Overhead Allocation account and reduce (credit) the Unallocated Reserve. (Budget Amendment No. 7670)
- \$7,201,000 – A review and reconciliation of the revenue schedules have been conducted. This resulted in the processing of a budget amendment to increase revenues along with the Unallocated Reserve. (Budget Amendment No. 8106)

Great Lakes Water Authority
Budget Amendments Processed for FY 2018 thru December 31, 2017

Budget Amendment Ref #/Description/Accounts	Amount
6200	-
To reclassify to correct expense category	
Board of Directors	
Contractual Professional Services	
5910-881151.000-617903-WS7900	(150,000)
Salaries & Wages	
5910-881151.000-601100-WS7900	150,000
7022	-
Reclass IT from one Capital Outlay account to another	
Info Technology Business Applications	
Capital Outlay over \$5k(O&M-Capitalized)	
5910-883351.000-901050-WS7900	(323,464)
Capital Outlay over \$5k(O&M-NonCapitaliz	
5910-883351.000-901060-WS7900	323,464
Info Technology Enterprise Applications	
Capital Outlay over \$5k(O&M-Capitalized)	
5910-883341.000-901050-WS7900	(904,000)
Capital Outlay over \$5k(O&M-NonCapitaliz	
5910-883341.000-901060-WS7900	904,000
Info Technology Infrastructure	
Capital Outlay over \$5k(O&M-Capitalized)	
5910-883331.000-901050-WS7900	(3,214,013)
Capital Outlay over \$5k(O&M-NonCapitaliz	
5910-883331.000-901060-WS7900	3,214,013
Info Technology Security & Risk	
Capital Outlay over \$5k(O&M-Capitalized)	
5910-883361.000-901050-WS7900	(60,000)
Capital Outlay over \$5k(O&M-NonCapitaliz	
5910-883361.000-901060-WS7900	60,000
Info Technology Service Delivery	
Capital Outlay over \$5k(O&M-Capitalized)	
5910-883321.000-901050-WS7900	(655,000)
Capital Outlay over \$5k(O&M-NonCapitaliz	
5910-883321.000-901060-WS7900	655,000
7049	-
Reclass budget for current contractor who will be transitioned to direct hire in the future	
Procurement	
Contractual Transition Services	
5910-884121.000-616100-WS7900	207,900
Salaries & Wages	
5910-884121.000-601100-WS7900	(207,900)
7051	-
Reclass budget for three current contractors who will be transitioned to direct hires in the future	
Construction and Contract Services	
Contractual Transition Services	
5910-884122.000-616100-WS7900	372,220
Salaries & Wages	
5910-884122.000-601100-WS7900	(372,220)

Great Lakes Water Authority
Budget Amendments Processed for FY 2018 thru December 31, 2017

Budget Amendment Ref #/Description/Accounts	Amount
7061	-
Cancellation of Shared Services Agreement OPS-005-Security & Integrity	
O&M Unallocated Reserve	
Unallocated Reserve-Centralized Service	
	5910-887600.000-832000-WS7900 (49,886)
Security and Integrity	
Contractual Security Services	
	5910-881201.000-617100-WS7900 (25,000)
Employee Benefits	
	5910-881201.000-603102-WS7900 (427,500)
License, Inspection & Permit Fees	
	5910-881201.000-628501-WS7900 (6,200)
Overtime	
	5910-881201.000-601300-WS7900 (154,394)
Salaries & Wages	
	5910-881201.000-601100-WS7900 (876,830)
Shared Services: Salaries & Wages Reimburse	
	5910-881201.000-741315-WS7900 1,539,810
7134	-
Improved cost allocation of bulk chemicals used in wastewater processing	
Wastewater Dewatering Process	
Wastewater Bulk Chemical distribution	
	5960-892225.000-621600-SD9140 1,980,600
Wastewater Incineration Process	
Wastewater Bulk Chemical distribution	
	5960-892226.000-621600-SD9160 915,000
Wastewater Operations	
Wastewater Bulk Chemical distribution	
	5960-892221.000-621600-SD9020 (9,914,000)
Wastewater Primary Process	
Wastewater Bulk Chemical distribution	
	5960-892223.000-621600-SD9080 1,958,400
Wastewater Secondary Process	
Wastewater Bulk Chemical distribution	
	5960-892224.000-621600-SD9100 5,060,000

Great Lakes Water Authority
Budget Amendments Processed for FY 2018 thru December 31, 2017

Budget Amendment Ref #/Description/Accounts	Amount
7289	-
To reclassify to new budget GL accounts; adjust to revised debt service based on Public Finance review	
Debt Service	
Debt Service Revenue Bonds, DWSD Direct	
5910-887111.000-651181	(36,850,800)
5960-897111.000-651181	(27,392,500)
Debt Service Revenue Bonds, Gross	
5910-887111.000-651180	35,075,900
5960-897111.000-651180	(30,520,000)
SFR Loans, DWSD Direct Share	
5910-887111.000-651183	(423,400)
SRF Loans, Gross	
5910-887111.000-651182	2,365,100
5960-897111.000-651182	56,156,900
Reserves, Allocations and Other	
Revenue Financed Capital Reserve	
5910-887300.000-832500	(166,800)
5960-897300.000-832500	1,755,600
7540	-
Reclass budget to the correct Project Code	
Wastewater Director	
Tuition Refund	
5960-892201.000-628208-SD8050	(15,000)
5960-892201.000-628208-SD9560	15,000
7626	-
Reclass budget to the newly created Energy, Research & Innovation Cost Center	
Energy Management	
Contractual Professional Services	
5910-886301.000-617903-WS7900	(25,650)
Employee Benefits	
5910-886301.000-603102-WS7900	(53,530)
Overtime	
5910-886301.000-601300-WS7900	(20,000)
Salaries & Wages	
5910-886301.000-601100-WS7900	(176,470)
Energy, Research & Innovation	
Contractual Professional Services	
5910-882501.000-617903-WS7900	25,650
Employee Benefits	
5910-882501.000-603102-WS7900	53,530
Overtime	
5910-882501.000-601300-WS7900	20,000
Salaries & Wages	
5910-882501.000-601100-WS7900	176,470

Great Lakes Water Authority
Budget Amendments Processed for FY 2018 thru December 31, 2017

Budget Amendment Ref #/Description/Accounts	Amount
7627	-
Reclass budget to the newly created Energy, Research & Innovation Cost Center	
Energy Management	
Capital Program: Salaries & Wages-Direct	
5910-886301.000-741300-WS7900	228,190
Energy, Research & Innovation	
Capital Program: Salaries & Wages-Indirect	
5910-882501.000-741301-WS7900	(228,190)
7628	-
Reclass budget to the newly created Energy, Research & Innovation Cost Center	
Energy Management	
Memberships, Licenses & Subscriptions	
5910-886301.000-626500-WS7900	(200)
Mileage and Parking	
5910-886301.000-627105-WS7900	(1,560)
Training	
5910-886301.000-628200-WS7900	(3,100)
Travel	
5910-886301.000-628100-WS7900	(2,640)
Energy, Research & Innovation	
Memberships, Licenses & Subscriptions	
5910-882501.000-626500-WS7900	200
Mileage and Parking	
5910-882501.000-627105-WS7900	1,560
Training	
5910-882501.000-628200-WS7900	3,100
Travel	
5910-882501.000-628100-WS7900	2,640
7670	-
Adjust budget per review of Non-personnel Capital Overhead Allocation accounts	
Reserves, Allocations and Other	
Centralized Services Allocation Lump Sum	
5910-887300.000-631100	(4,790,000)
5960-897300.000-631100	4,790,000
Systems Planning	
Capital Program: Nonpersonnel	
5910-886101.000-741307-WS7900	4,790,000
Wastewater System Operations Unallocated	
Unallocated Reserve	
5960-897600.000-832000-SD8050	(4,790,000)
7671	-
Adjust budget per review of Non-personnel Capital Overhead Allocation accounts	
Asset Management	
Capital Program: Nonpersonnel	
5910-886201.000-741307-WS7900	624,750
Centralized Services Unallocated Res	
Unallocated Reserve	
5910-887602.000-832000-WS7900	(624,750)

Great Lakes Water Authority
Budget Amendments Processed for FY 2018 thru December 31, 2017

Budget Amendment Ref #/Description/Accounts	Amount
7815	-
Reclass budget for customer outreach expenditures	
Systems Planning	
Contractual Professional Services	5910-886101.000-617903-WS7900 (36,000)
Operating Supplies	5910-886101.000-621900-WS7900 36,000
7962	-
Reclass budget to correct account for professional services contracts	
Chief Financial Officer	
Contractual Operating Services	5910-884001.000-617900-WS7900 (200,000)
Contractual Professional Services	5910-884001.000-617903-WS7900 200,000
7964	-
Reclass budget for Park Rite contract	
Chief Executive Officer	
Contractual Professional Services	5910-881001.000-617903-WS7900 (20,000)
Legal	5910-881001.000-613100-WS7900 (20,000)
Mileage and Parking	5910-881001.000-627105-WS7900 40,000
7965	-
Reclass budget to the newly created Energy, Research & Innovation Cost Center	
Chief Planning Officer	
Contractual Professional Services	5910-886001.000-617903-WS7900 (365,910)
Employee Benefits	5910-886001.000-603102-WS7900 (39,400)
Mileage and Parking	5910-886001.000-627105-WS7900 (3,000)
Salaries & Wages	5910-886001.000-601100-WS7900 (157,600)
Training	5910-886001.000-628200-WS7900 (7,385)
Travel	5910-886001.000-628100-WS7900 (24,900)
Energy, Research & Innovation	
Contractual Professional Services	5910-882501.000-617903-WS7900 365,910
Employee Benefits	5910-882501.000-603102-WS7900 39,400
Mileage and Parking	5910-882501.000-627105-WS7900 3,000
Salaries & Wages	5910-882501.000-601100-WS7900 157,600
Training	5910-882501.000-628200-WS7900 7,385
Travel	5910-882501.000-628100-WS7900 24,900

Great Lakes Water Authority
Budget Amendments Processed for FY 2018 thru December 31, 2017

Budget Amendment Ref #/Description/Accounts	Amount
8105	-
Correct BA 7061 - Reclass to the correct Unallocated Reserve account	
Centralized Services Unallocated Res	
Centralized Services Unallocated Reserve	
5910-887602.000-832000-WS7900	(49,886)
O&M Unallocated Reserve	
O&M Unallocated Reserve	
5910-887600.000-832000-WS7900	49,886
8106	-
To correct initial upload of budget based on reconciliation of revenue schedules	
Sewer Operating Revenue	
Bad Debt Expense	
5960-897211.000-711700	(4,390,400)
Wholesale Bad Debt Recovery	
5960-897211.000-447256	(2,810,600)
Wastewater System Operations Unallocated	
Unallocated Reserve	
5960-897600.000-832000-SD8050	7,201,000
Grand Total	-