

FY 2024 Financial Audit Results

Good news! The Great Lakes Water Authority received what is known as a “clean audit” opinion from Baker Tilly, the independent auditors, for the financial audit of the Annual Comprehensive Financial Report (ACFR) as well as the audit of federal award programs.

Commitment to Quality – All Year Long

GLWA has a strong commitment to quality in the monthly financial reporting. This means timely, relevant, and reliable information is available for decision makers. *Preliminary* operation and maintenance expenses as reported in October 2024 Audit Committee meeting did not change in the *Final* audited results.

Positive Budget Performance

Stability and predictability in forecasting revenue is important for GLWA – as well as providing reliable forecasts for Member Partners in our annual charge setting process. Other revenue is mostly from investment earnings which lower the burden charges revenue. As shown below, GLWA operated within the amended budget to meet operational, debt, and other financial commitments.

	Adopted Budget	Amended Budget	Actual	% Adopted Budget	% Amended Budget
Water Operations					
Revenue from charges	\$ 366,077,800	\$ 353,740,300	\$ 351,905,036	96.1%	99.5%
Other revenue	4,236,700	18,993,900	19,238,314	454.1%	101.3%
Total revenues	370,314,500	372,734,200	371,143,350	100.2%	99.6%
Revenue requirements	370,314,500	372,734,200	366,120,600	98.9%	98.2%
Revenue requirement variance	\$ -	\$ -	\$ 5,022,750	1.4%	1.3%
Sewage Disposal Operations					
Revenue from charges	\$493,169,700	\$478,336,700	\$476,485,804	96.6%	99.6%
Other revenue	7,457,300	24,011,800	22,340,960	299.6%	93.0%
Total revenues	500,627,000	502,348,500	498,826,764	99.6%	99.3%
Revenue requirements	500,627,000	502,348,500	498,489,743	99.6%	99.2%
Revenue requirement variance	\$ -	\$ -	\$ 337,021	0.1%	0.1%

Solid Credit Metrics

Debt Service Coverage is an indication of our ability to meet debt service payments and is an important ratio for our creditors to demonstrate that GLWA has sufficient cash to repay its bondholders. GLWA uses two methodologies: the GAAP methodology is mostly based on an accrual basis; the rate covenant methodology is based on a cash basis.

	Debt Service Coverage for the year ended June 30, 2024	Water		Sewer	
		GAAP	Rate Covenant	GAAP	Rate Covenant
Senior Lien Bonds		1.96	1.87	2.04	2.06
Senior and second lien bonds		1.42	1.36	1.53	1.54
All bonds, including SRF junior lien		1.32	1.26	1.23	1.24

Days Cash on Hand demonstrates that sufficient funds are available to maintain and operate the systems. It also reduces GLWA’s reliance on borrowing which becomes a long-term burden on affordability. Days cash on hand is calculated as unrestricted cash and investments divided by one day of operating expense. At the end of fiscal year 2024, the days cash on hand was 640 days for the water system and 571 days for the sewer system.