

FY 2022 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 financial reporting on a monthly basis. This means timely, relevant, and reliable information is available for decision makers. For the second year, the *preliminary* year-end operating budget expenses reported were the same as the *final, audited* expenses.

Commitment to Transparency

The audited reports, along with monthly Audit Committee reports, can be found online at the “[Financials](#)” page at www.glwater.org

Positive Budget Performance

	Water Fund	Sewer Fund
Actual Revenue to Budget	\$341 million or 100.5%	\$474 million or 100.2%
<i>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. Total revenue also includes investment earnings and other sources to help lower the burden on the cost of service.</i>		
Actual Revenue Requirements to Budget	\$333 million or 98%	\$465 million or 98%
<i>GLWA operated within the budget to meet operational, debt, and other financial commitments. The dollars from this positive variance are used to fund the cost of capital outlay and infrastructure investment and other needs in future years. This also helps to reduce debt as well as relieve pressure on future charges.</i>		

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

Debt Service Coverage for the year ended June 30, 2022	Water		Sewer	
	GAAP	Rate Covenant	GAAP	Rate Covenant
Senior Lien Bonds	2.01	1.88	2.66	2.35
Senior and second lien bonds	1.46	1.37	1.90	1.68
All bonds, including SRF junior lien	1.41	1.33	1.47	1.30

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.

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 divided by one day of operating expense. At the end of fiscal year 2022, the days cash on hand was 622 days for the water system and 574 days for the sewer system.