



Financial Services Audit Committee Communication

Date: May 15, 2020

To: Great Lakes Water Authority Audit Committee

From: Nicolette Bateson, CPA
Chief Financial Officer & Treasurer

Re: Proposed Budget Amendment Policy – Continued Discussion

Background: The founding legal documents for the Great Lakes Water Authority (GLWA) provide a structure for budget preparation, adoption, and amendment.

Analysis: The complexity of GLWA's financial oversight and management give cause for the Board of Directors to adopt a budget amendment policy.

A draft policy was provided to the Audit Committee on April 24, 2020. Today, the staff is presenting a sample draft report for Audit Committee and review and subsequent comment. The presentation includes initial feedback from the April 24, 2020 meeting.

Attachments:

1. Draft policy (no edits since presented on April 24, 2020)
2. Sample budget amendment report and related budget amendment resolution

Proposed Action: Receive draft policy and related sample budget amendment report, in order to provide feedback of the draft policy and sample report on or before May 22, 2020 for conclusion at a subsequent Audit Committee meeting.

DISCUSSION DRAFT - BUDGET AMENDMENT POLICY

Purpose

The purpose of this budget amendment policy is to define the purpose, reporting, and authorization of budget amendments for the Great Lakes Water Authority (GLWA).

Definitions

Line Item	The highest level of detail in the accounting system which is assigned a budget amount and is used for management of an operational budget. The line item is a four segment general ledger string which includes fund, cost center, account, and function.
Administrative Budget Amendment	A line item level amendment to budgeted amounts which is within the legal spending level authorized by a budget resolution for a given fiscal year.
Account Type	Primary classification of operations and maintenance expenses that is used for budgeting and financial reporting. Identifies the purpose for use of financial resources. Examples include personnel, contractual services, utilities, chemicals, supplies and other expenses, capital program allocation, shared services allocation, centralized services allocation, administrative services allocation, capital outlay, and unallocated reserve.
Appropriation Categories	The purpose for which a spending level authorized by a budget resolution.
Appropriation Level	The legal spending level authorized by a budget resolution.
Board Budget Amendment	An amendment to the annual budget which alters the legal spending level authorized by a budget resolution for a given fiscal year.
Core Purpose	A grouping of line items that describes the core purpose of financial resources that aligns with the revenue charges methodology. Examples include water direct operations, wastewater direct operations, centralized services, and administrative services.
Fiscal Year	The twelve-month period ended June 30th.

Policy

1. **Budget Adoption:** The Board of Directors adopts a biennial budget by resolution which specifies appropriation amounts by the following categories and with reference to supporting schedules that include these categories which may be modified annually.

Fund Type for both Water and Sewer Systems	Appropriation Category
General Operating	Revenue Requirement
General Operating	Revenues from Charges
General Operating	Non-operating Revenue
General Operating	Operations & Maintenance Expense
General Operating	Operations & Maintenance Expense – Legacy Pension
General Operating	Debt Service (principal, interest, and required reserves)
General Operating	Accelerated Legacy Pension Allocation
General Operating	Water Residential Assistance Program
General Operating	Lease Payment
General Operating	Improvement & Extension Fund Contribution
General Operating	Operating Reserve Deposit
General Operating	Extraordinary Repair & Replacement Deposit
Improvement & Extension	Revenue Financed Capital Transfers-In
Improvement & Extension	Capital Outlay
Improvement & Extension	Use of Revenue Financed Capital
Construction Bond	Bond Proceeds
Construction Bond	Earnings on Investments
Construction Bond	Grant Revenues
Construction Bond	Contributions in Aid of Construction
Construction Bond	Project Expenditures

2. **Board Budget Amendment:** To the extent that there is a proposed amendment of the budget among the appropriation categories, the matter is brought to the Audit

Committee for review and consideration of a recommendation to the Board of Directors for their consideration for approval. Board Budget Amendments should be brought to the Audit Committee when identified and no less than quarterly.

3. **Reporting:** Transparency and accountability are foundational to GLWA’s mission. A quarterly budget amendment report will include the following analysis.

a. Board Budget Amendments by System and Fund

Appropriation Category	Quarter 1 Budget Amendment through September 30 th	Quarter 2 Budget Amendment through December 31 st	Quarter 3 Budget Amendment Through March 31 st	Quarter 4 Budget Amendment Through May 31 st	Total Amended Budget
------------------------	---	--	---	---	----------------------

b. Administrative Budget Amendments by Account Type

Appropriation Category	Quarter 1 Budget Amendment through September 30 th	Quarter 2 Budget Amendment through December 31 st	Quarter 3 Budget Amendment Through March 31 st	Quarter 4 Budget Amendment Through May 31 st	Total Amended Budget
------------------------	---	--	---	---	----------------------

c. Administrative Budget Amendments by Core Group

Appropriation Category	Quarter 1 Budget Amendment through September 30 th	Quarter 2 Budget Amendment through December 31 st	Quarter 3 Budget Amendment Through March 31 st	Quarter 4 Budget Amendment Through May 31 st	Total Amended Budget
------------------------	---	--	---	---	----------------------

4. This policy may be modified as needed pursuant to Audit Committee review and consideration with a recommended action to the Board of Directors for their consideration for approval.



**SAMPLE Quarterly Budget Amendment Report
FY 2020 Second Quarter
Ending December 31, 2019**

Date: May 14, 2020

To: Great Lakes Water Authority Audit Committee

From: Lisa L Mancini, Financial Planning & Analysis Manager

Re: FY 2020 Quarterly Budget Amendments through December 31, 2019 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. If 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: The budget amendment report is organized in the following manner.

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

- a. *Supplemental Information - Fund Level - Water System and Sewer System*
- b. *Supplemental Information - Enterprise-wide Core Groups*
- c. *Supplemental Information - Enterprise-wide Operations & Maintenance Account Type*
- d. *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (see addendum)*

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

3. Appropriation Level - Construction Bond Fund - Water and Sewer Systems

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 FY 2020 second quarter budget amendments.



**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

Appropriation Level - Revenue Requirement – Water System General Operating

Water System	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Revenues						
Suburban Wholesale Customer Charges	\$ 309,284,500	\$ -	\$ -	\$ -	\$ 309,284,500	\$ 158,158,129
Retail Service Charges	21,295,500	-	-	-	21,295,500	10,647,700
Investment Earnings	9,084,200	-	-	-	9,084,200	3,197,600
Other Revenues	-	-	-	-	-	300
Total Revenues	\$ 339,664,200	\$ -	\$ -	\$ -	\$ 339,664,200	\$ 172,003,729
Revenue Requirements						
Operations & Maintenance Expense	\$ 131,490,500	\$ -	\$ -	\$ -	\$ 131,490,500	\$ 63,538,500
General Retirement System Legacy Pension	6,048,000	-	-	-	6,048,000	3,024,000
Debt Service	137,557,600	-	-	-	137,557,600	65,179,570
General Retirement System Accelerated Pension	6,268,300	-	-	-	6,268,300	3,134,148
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Water Residential Assistance Program Contribution	1,698,300	-	-	-	1,698,300	849,150
Lease Payment	22,500,000	-	-	-	22,500,000	11,250,000
Operating Reserve Deposit	3,976,000	-	-	-	3,976,000	1,988,000
Improvement & Extension Fund Transfer Pending	30,125,500	-	-	-	30,125,500	15,062,500
Total Revenue Requirements	\$ 339,664,200	\$ -	\$ -	\$ -	\$ 339,664,200	\$ 164,025,868

There are no proposed amendments to the FY 2020 Water System General Operating budget through the end of the second fiscal quarter as of December 31, 2020.



**SAMPLE Quarterly Budget Amendment Report
FY 2020 Second Quarter
Ending December 31, 2019**

Appropriation Level - Revenue Requirement - Sewer System

	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Sewer System						
Revenues						
Suburban Wholesale Customer Charges	\$ 272,323,600	\$ -	\$ -	\$ -	\$ 272,323,600	\$ 134,204,700
Retail Service Charges	185,807,300	-	-	-	185,807,300	92,903,700
Industrial Waste Control Charges	13,743,600	-	-	-	13,743,600	4,186,300
Pollutant Surcharges	-	-	-	-	-	3,057,400
Investment Earnings	8,730,800	-	-	-	8,730,800	4,141,000
Other Revenues	-	-	-	-	-	246,600
Total Revenues	\$ 480,605,300	\$ -	\$ -	\$ -	\$ 480,605,300	\$ 238,739,700
Revenue Requirements						
Operations & Maintenance Expense	\$ 187,057,200	\$ -	\$ -	\$ -	\$ 187,057,200	\$ 83,639,100
General Retirement System Legacy Pension	10,824,000	-	-	-	10,824,000	5,412,000
Debt Service	215,738,800	-	-	-	215,738,800	104,496,745
General Retirement System Accelerated Pension	11,620,700	-	-	-	11,620,700	5,810,352
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Water Residential Assistance Program Contribution	2,403,000	-	-	-	2,403,000	1,201,500
Lease Payment	27,500,000	-	-	-	27,500,000	13,750,002
Operating Reserve Deposit	-	-	-	-	-	-
DWSD Budget Shortfall Pending	-	-	-	-	-	5,337,016
Improvement & Extension Fund Transfer Pending	25,461,600	-	-	-	25,461,600	12,730,800
Total Revenue Requirements	\$ 480,605,300	\$ -	\$ -	\$ -	\$ 480,605,300	\$ 232,377,515

There are no proposed amendments to the FY 2020 Sewer System General Operating budget through the end of the second fiscal quarter as of December 31, 2020.



**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

Supplemental Information - Fund Level - Water System and Sewer System

System	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Water System Operations	\$ 131,490,500	\$ -	\$ -	\$ -	\$ 131,490,500	\$ 63,538,500
Wastewater System Operations	187,057,200	-	-	-	187,057,200	83,639,100
Total	\$ 318,547,700	\$ -	\$ -	\$ -	\$ 318,547,700	\$147,177,600

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.

Supplemental Information - Enterprise-wide Core Groups

O&M Major Budget Categories (Core Groups)	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
A Water System Operations	\$ 66,021,100	\$ -	\$ -	\$ -	\$ 66,021,100	\$ 34,024,600
B Wastewater System Operations	115,985,300	-	-	-	115,985,300	53,139,200
C Centralized Services	106,913,500	-	-	-	106,913,500	45,836,300
D Administrative & Other Services	29,627,800	-	-	-	29,627,800	14,177,500
Total	\$ 318,547,700	\$ -	\$ -	\$ -	\$ 318,547,700	\$147,177,600

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



**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

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 of FY 2020, 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)*.

Supplemental Information - Enterprise-wide Operations & Maintenance Account Type

O&M Expense Categories (Account Type)	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Personnel Costs	\$ 105,090,700	\$ -	\$ (698,125)	\$ (698,125)	\$ 104,392,575	\$ 51,021,900
Utilities	51,333,700	-	(993,000)	(993,000)	50,340,700	26,238,000
Chemicals	13,898,600	-	-	-	13,898,600	7,066,400
Supplies & Other	36,392,000	-	871,020	871,020	37,263,020	16,889,500
Contractual Services	115,306,800	-	(8,294,895)	(8,294,895)	107,011,905	50,054,800
Capital Program Allocation	(5,414,300)	-	1,898,900	1,898,900	(3,515,400)	(1,442,500)
Shared Services	(5,025,100)	-	(64,250)	(64,250)	(5,089,350)	(2,650,500)
Unallocated Reserve	6,965,300	-	7,280,350	7,280,350	14,245,650	-
Total	\$ 318,547,700	\$ -	\$ -	\$ -	\$ 318,547,700	\$147,177,600

[Commentary will be inserted here to explain large amounts such as the decrease in contractual services and increase in unallocated reserve.]



**SAMPLE Quarterly Budget Amendment Report
FY 2020 Second Quarter
Ending December 31, 2019**

Supplemental Information - Unallocated Reserve

	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget
O&M Unallocated Reserves					
Water System Operations	\$ 2,697,200	\$ -	\$ (2,226,300)	\$ (2,226,300)	\$ 470,900
Wastewater System Operations	3,264,851	-	3,000,000	3,000,000	6,264,851
Centralized Services	652,983	-	6,726,650	6,726,650	7,379,633
Administrative & Other Services	350,212	-	(220,000)	(220,000)	130,212
Total	\$ 6,965,246	\$ -	\$ 7,280,350	\$ 7,280,350	\$ 14,245,596

[Commentary will be inserted here to explain adjustments to unallocated reserve.]

Appropriation Level - Improvement & Extension Fund - Water System

Water Improvement & Extension Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Revenues						
Water System Revenue Transfers In	\$ 30,125,500	\$ -	\$ -	\$ -	\$ 30,125,500	\$ 15,062,500
Earnings on Investments	-	-	-	-	-	1,734,995
Net Use of Reserves	24,999,800	-	(1,173,179)	(1,173,179)	23,826,621	-
Total Revenues	\$ 55,125,300	\$ -	\$ (1,173,179)	\$ (1,173,179)	\$ 53,952,121	\$ 16,797,495
Expenditures						
Water System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,882,151
Capital Outlay	\$ 10,125,300	\$ -	\$ (1,173,179)	(1,173,179)	8,952,121	2,932,908
Revenue Financed Capital	45,000,000	-	-	-	45,000,000	-
Total Expenditures	\$ 55,125,300	\$ -	\$ (1,173,179)	\$ (1,173,179)	\$ 53,952,121	\$ 5,815,059



**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

[Commentary will be inserted here to explain adjustments to Improvement & Extension Fund – Water System.]

Appropriation Level - Improvement & Extension Fund – Sewer System

Sewer Improvement & Extension Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Revenues						
Sewer System Revenue Transfers In	\$ 25,461,600	\$ -	\$ -	\$ -	\$ 25,461,600	\$ 22,151,658
Earnings on Investments	-	-	-	-	-	821,980
Net Use of Reserves	(5,339,400)	-	-	-	(5,339,400)	-
Total Revenues	\$ 20,122,200	\$ -	\$ -	\$ -	\$ 20,122,200	\$ 22,973,638
Expenditures						
Sewer System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,109,044
Capital Outlay	20,122,200	-	-	-	20,122,200	\$ 2,497,457
Revenue Financed Capital	-	-	-	-	-	-
Total Expenditures	\$ 20,122,200	\$ -	\$ -	\$ -	\$ 20,122,200	\$ 3,606,501

[Commentary will be inserted here to explain adjustments to Improvement & Extension Fund – Sewer System.]



**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

Appropriation Level – Construction Bond Fund – Water System

Water Construction Bond Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Revenues						
Transfer from Improvement & Extension Fund	\$ 45,000,000	\$ -	\$ -	\$ -	\$ 45,000,000	\$ 3,503,485
Bond Proceeds	-	-	-	-	-	-
Grant Revenues (DWRP Loans)	5,531,000	-	-	-	5,531,000	-
Earnings on Investments	1,487,700	-	-	-	1,487,700	811,530
Net Use of Reserves	55,416,600	(15,488,144)	(61,010)	(15,549,154)	39,867,446	-
Total Revenues	\$ 107,435,300	\$ (15,488,144)	\$ (61,010)	\$ (15,549,154)	\$ 91,886,146	\$ 4,315,015
Project Expenditures	\$ 107,435,300	\$ (15,488,144)	\$ (61,010)	\$ (15,549,154)	\$ 91,886,146	\$ 28,971,094
Total Expenditures	\$ 107,435,300	\$ (15,488,144)	\$ (61,010)	\$ (15,549,154)	\$ 91,886,146	\$ 28,971,094

[Commentary will be inserted here to explain adjustments to Construction Bond Fund – Water System.]

EXAM

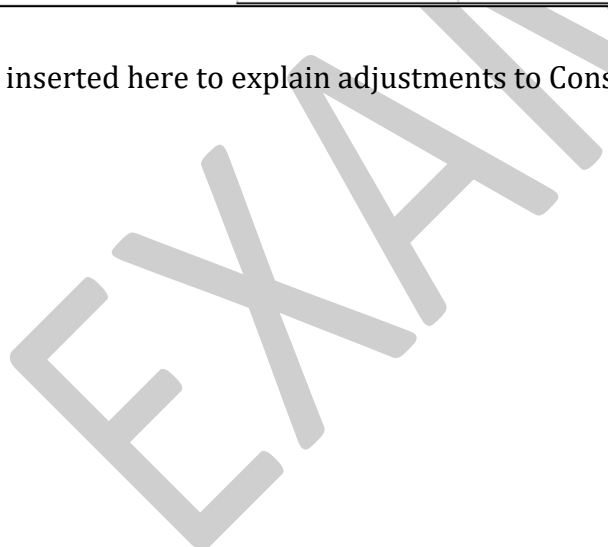


**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

Appropriation Level – Construction Bond Fund – Sewer System

Sewer Construction Bond Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 12/31/2019
Revenues						
Transfer from Improvement & Extension Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,773,436
Bond Proceeds	78,960,000	-	-	-	78,960,000	-
Grant Revenues (DWRF Loans)	29,342,000	-	-	-	29,342,000	-
Earnings on Investments	41,100	-	-	-	41,100	759,661
Net Use of Reserves	12,766,900	1,558,000	(6,453,995)	(4,895,995)	7,870,905	-
Total Revenues	\$ 121,110,000	\$ 1,558,000	\$ (6,453,995)	\$ (4,895,995)	\$ 116,214,005	\$ 14,533,097
Project Expenditures	\$ 121,110,000	\$ 1,558,000	\$ (6,453,995)	\$ (4,895,995)	\$ 116,214,005	\$ 29,921,811
Total Expenditures	\$ 121,110,000	\$ 1,558,000	\$ (6,453,995)	\$ (4,895,995)	\$ 116,214,005	\$ 29,921,811

[Commentary will be inserted here to explain adjustments to Construction Bond Fund – Sewer System.]





**SAMPLE Quarterly Budget Amendment Report
FY 2020 Second Quarter
Ending December 31, 2019**

ADDENDUM

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. As noted earlier, the second quarter budget amendment for all core groups nets to zero. 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 larger items is in the table below for the second quarter (there were no amendments for the first quarter).

Departmental and Account Level Amendments		2nd Quarter
A Water System Operations		-
Unallocated Reserve - Water System Operations		(2,226,300)
Unallocated Reserve		(2,226,300)
Water Director		10,400
Capital Program Allocation		10,400
COO - Water Operations & Field Services		13,500
Capital Program Allocation		13,500
Lake Huron Water Plant		36,900
Capital Program Allocation		36,900
Springwells Water Plant		84,000
Capital Program Allocation		84,000
Water Works Park		90,000
Capital Program Allocation		90,000
Water Quality		91,500
Capital Program Allocation		38,500
Shared Services		53,000
Southwest Water Plant		1,900,000
Contractual Services		1,900,000

Commentary will be added for larger items and/or trends.



SAMPLE Quarterly Budget Amendment Report
FY 2020 Second Quarter
Ending December 31, 2019

Departmental and Account Level Amendments		Custom Label
		2nd Quarter
B Wastewater System Operations		-
BDF, COF & Hauling		(1,500,000)
Contractual Services		(1,500,000)
Wastewater Operations		(1,000,000)
Utilities		(1,000,000)
Wastewater Process Control		(799,090)
Chemicals		(45,000)
Contractual Services		(500,000)
Personnel Costs		(254,090)
Wastewater Engineering		(59,517)
Personnel Costs		(59,517)
Combined Sewer Overflow		59,517
Personnel Costs		59,517
Wastewater Laboratories		299,090
Chemicals		45,000
Personnel Costs		254,090
Unallocated Reserve - Wastewater System Operations		3,000,000
Unallocated Reserve		3,000,000

Commentary will be added for larger items and/or trends.

EXAMPLE



**SAMPLE Quarterly Budget Amendment Report
 FY 2020 Second Quarter
 Ending December 31, 2019**

Departmental and Account Level Amendments		Custom Label
		2nd Quarter
C Centralized Services		-
Field Service Operations		(2,436,200)
Capital Program Allocation		63,800
Contractual Services		(2,500,000)
Facility Operations		(1,938,200)
Capital Program Allocation		61,800
Contractual Services		(2,000,000)
Systems Analytics		(1,930,000)
Contractual Services		(1,900,000)
Shared Services		(30,000)
Systems Operations Control		(1,900,000)
Contractual Services		(1,900,000)
Asset Management		(1,800,000)
Contractual Services		(1,800,000)
Info Tech Enterprise Asset Mgmt Systems		(289,831)
Contractual Services		(770,823)
Shared Services		(422,250)
Supplies & Other		903,242
Info Tech Business Productivity Systems		(132,419)
Contractual Services		(544,000)
Supplies & Other		411,581
Info Technology Project Management Office		-
Contractual Services		(15,000)
Supplies & Other		15,000
Office of the CIO		-
Contractual Services		2,000
Supplies & Other		(2,000)
Personnel Costs		500
Supplies & Other		(500)
Info Technology Infrastructure		-
Contractual Services		500,000
Supplies & Other		(500,000)
Systems Planning		1,000,000
Contractual Services		1,000,000
Capital Improvement Planning		2,700,000
Capital Program Allocation		1,500,000
Contractual Services		1,200,000
Unallocated Reserve - Centralized Services		6,726,650
Unallocated Reserve		6,726,650

Commentary will be added for larger items and/or trends.



**SAMPLE Quarterly Budget Amendment Report
FY 2020 Second Quarter
Ending December 31, 2019**

Departmental and Account Level Amendments		2nd Quarter
D Administrative & Other Services		-
Transformation		(369,300)
Personnel Costs		(375,300)
Supplies & Other		6,000
Unallocated Reserve - Administrative Services		(220,000)
Unallocated Reserve		(220,000)
Procurement Director		(36,996)
Personnel Costs		(24,500)
Supplies & Other		(12,496)
Chief Financial Officer		(35,300)
Contractual Services		127,800
Personnel Costs		(164,000)
Supplies & Other		900
Board of Directors		(25,400)
Personnel Costs		(20,100)
Supplies & Other		(5,300)
General Counsel		-
Contractual Services		208
Supplies & Other		(208)
Chief Executive Officer		-
Contractual Services		(14,800)
Supplies & Other		14,800
Chief Administrative Officer		-
Contractual Services		(8,500)
Supplies & Other		8,500
Public Affairs		-
Personnel Costs		(26,800)
Supplies & Other		26,800
Organizational Development		-
Contractual Services		(107,000)
Personnel Costs		5,000
Supplies & Other		102,000
Financial Reporting & Accounting		3,200
Contractual Services		1,200
Personnel Costs		12,000
Supplies & Other		(10,000)
Owners' Representative		10,000
Contractual Services		50,000
Personnel Costs		(69,225)
Supplies & Other		29,225
Financial Planning & Analysis		70,000
Contractual Services		140,000
Personnel Costs		(70,000)
Reporting and Compliance		71,000
Personnel Costs		71,000
Data Analytics & Internal Audit		74,200
Contractual Services		119,000
Personnel Costs		(44,800)
Public Finance		88,600
Contractual Services		72,500
Personnel Costs		17,100
Supplies & Other		(1,000)
Treasury		123,000
Contractual Services		(200,000)
Personnel Costs		(12,000)
Shared Services		335,000
Logistics and Materials		246,996
Contractual Services		352,520
Personnel Costs		3,000
Supplies & Other		(115,524)
Utilities		7,000

Commentary will be added for larger items and/or trends.

SAMPLE**Great Lakes Water Authority****Resolution 2020 - XXX****Resolution Adopting the FY 2020 Second Quarter Budget Amendments**

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 executive officer; and

WHEREAS The GLWA Board adopted the FY 2020 budget on March 13, 2019 for the twelve-month fiscal year beginning July 1, 2020;

WHEREAS Following a review of the budget amendment report for the FY 2020 Second Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer systems are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Suburban Wholesale Customer Charges	\$ 309,284,500	No Change	\$ 272,323,600	No Change
Retail Service Charges	21,295,500	No Change	185,807,300	No Change
Industrial Waste Control Charges	not applicable	No Change	13,743,600	No Change
Pollutant Surcharges	not applicable	No Change	-	No Change
Investment Earnings	9,084,200	No Change	8,730,800	No Change
Other Revenues	-	No Change	-	No Change
Total Revenues	<u>\$ 339,664,200</u>	No Change	<u>\$ 480,605,300</u>	No Change
Revenue Requirements				
Operations & Maintenance Expense	\$ 131,490,500	No Change	\$ 187,057,200	No Change
General Retirement System Legacy Pension	6,048,000	No Change	10,824,000	No Change
Debt Service	137,557,600	No Change	215,738,800	No Change
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	1,698,300	No Change	2,403,000	No Change
Lease Payment	22,500,000	No Change	27,500,000	No Change
Operating Reserve Deposit	3,976,000	No Change	-	No Change
DWSD Budget Shortfall Pending	-	No Change	-	No Change
Improvement & Extension Fund Transfer	30,125,500	No Change	25,461,600	No Change
Total Revenue Requirements	<u>\$ 339,664,200</u>	No Change	<u>\$ 480,605,300</u>	No Change

WHEREAS Following a review of the budget amendment report for the FY 2020 Second Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer systems are amended as shown in the table below;

Improvement & Extension Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Transfers In from General Operating	\$ 30,125,500	No Change	\$ 25,461,600	No Change
Earnings on Investments	-	No Change	-	No Change
Net Use of Reserves	24,999,800	No Change	-	No Change
Total Revenues	<u>\$ 55,125,300</u>	No Change	<u>\$ 25,461,600</u>	No Change
Expenditures				
Water System Revenue Transfers Out	\$ -	No Change	\$ -	No Change
Capital Outlay	10,125,300	No Change	20,122,200	No Change
Revenue Financed Capital	45,000,000	No Change	-	No Change
Net Increase in Reserves	-	No Change	5,339,400	No Change
Total Expenditures	<u>\$ 55,125,300</u>	No Change	<u>\$ 25,461,600</u>	No Change

WHEREAS Following a review of the budget amendment report for the FY 2020 Second Quarter, the appropriations established with the adoption of the construction bond fund budget for the water system and the sewer systems are amended as shown in the table below;

Construction Bond Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Transfer from Improvement & Extension Fund	\$ 45,000,000	No Change	\$ -	No Change
Bond Proceeds	-	No Change	78,960,000	No Change
Grant Revenues (DWRP Loans)	5,531,000	No Change	29,342,000	No Change
Earnings on Investments	1,487,700	No Change	41,100	No Change
Net Use of Reserves	55,416,600	No Change	12,766,900	No Change
Total Revenues	<u>\$ 107,435,300</u>	No Change	<u>\$ 121,110,000</u>	No Change
Expenditures				
Project Expenditures	<u>\$ 107,435,300</u>	No Change	<u>\$ 121,110,000</u>	No Change
Total Expenditures	<u>\$ 107,435,300</u>	No Change	<u>\$ 121,110,000</u>	No Change

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meetings on [date], 2020; 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 2020 Second Quarter Budget Amendments; and be it finally

RESOLVED That the 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.