



**FY 2025 Third Quarter  
Budget Amendment Report  
Through March 31, 2025  
& Proposed Budget Amendment  
Resolution**

Presented to the Audit Committee  
June 6, 2025



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

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## Water System Executive Summary - Year-to-Date

For the third quarter FY 2025 budget amendment, the focus is on forecasting activity through FY 2025 year-end as well as providing an allowance for items that require an estimate. Further details are provided in the accompanying budget analysis.

### Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1A

#### Positive Variances

- ✓ \$5.9 million investment earnings due to rate of return and fund management
- ✓ \$13.4 million debt service reduction due to June 2024 refunding transaction and delay in new bond issuance from mid-year to end of year
- ✓ \$630k General Retirement System pension contribution reduction based on actuarial report
- ✓ \$1.2 million working capital requirement reduction due to actual financial performance

#### Negative Variances

- ✓ \$12.6 million operations and maintenance expense (\$0.3 million decrease for water operations and \$12.9 million increased allocation for centralized and administrative expenses) most of which is due to unforeseen expenses
- ✓ \$2.6 million Extraordinary Repair & Replacement Fund contribution required which is calculated as a percent of O&M expense (which increased)

From a purely financial perspective, the net impact of the above is positive which could provide as much as a \$6 million increase in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. The headwind, however, is potentially increased capital program needs as we enter the first quarter of FY 2026.

### Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3A

Aside from the above increased transfer in of \$6 million, there are two other variances. First, an increase in capital outlay needs of \$1.3 million. The second is a decreased reliance by \$15 million to fund the capital improvement program due timing of cashflow needs.

### Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4A

The capital spending ratio is at 100% of the \$207 million CIP value. There is one project that has not proceeded due to timing of a predecessor local community project. It is estimated that the underspend could be as much as \$20 million.

### Sewer System Executive Summary - Year-to-Date

For the third quarter FY 2025 budget amendment, the focus is on forecasting activity through FY 2025 year-end as well as providing an allowance for items that require an estimate. Further details are provided in the accompanying budget analysis.

#### **Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1B**

##### Positive Variances

- ✓ \$8.2 million investment earnings due to rate of return and fund management
- ✓ \$8.8 million debt service reduction due to June 2024 refunding
- ✓ \$1.1 million General Retirement System pension contribution reduction
- ✓ \$2.3 million working capital reserve requirement reduction

##### Negative Variances

- ✓ \$6.3 million operations and maintenance (O&M) expense (\$2.2 million decrease for sewer operations and \$8.5 million increased allocation in centralized and administrative expenses)
- ✓ \$276k Extraordinary Repair & Replacement Fund contribution required which is calculated as a percent of O&M expense (which increased)

From a purely financial perspective, the net impact of the above is positive which could provide as much as a \$14 million increase in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. The headwind, however, is potentially increased capital program needs as we enter the first quarter of FY 2026.

#### **Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3B**

Aside from the above increased transfer in of \$14 million, there is one other significant variance. That is a decreased reliance by \$5.5 million to fund the capital improvement program due timing of cashflow needs.

#### **Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4B**

The capital spending ratio is at 100% of the \$170 million CIP value. It is expected that the spend budget will be fully utilized by year-end.

### Third Quarter Revenue Requirement Budget Amendment Analysis

**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 in addition to a corresponding budget amendment resolution.

**Analysis:** The budget amendment report is presented with a table followed by commentary in the following order.

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

- A. Water System Revenue Requirement
- B. Sewer System Revenue Requirement

##### Supplemental Information

- C. Historical I&E Funding
- D. Operations & Maintenance by Fund
- E. Operations & Maintenance by Service Area
- F. Unallocated Reserve by Service Area
- G. Enterprise-wide Operations & Maintenance by Expense Category
- H. Operations & Maintenance Expense by Service Area and Expense Category

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

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

##### Supplemental Information

- C. Water System Flow of Funds Basis
- D. Sewer System Flow of Funds Basis

#### 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

#### 5. Proposed Budget Amendment Resolution

**Table 1A - Water System Revenue Requirement – Appropriation Level**

Water System	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Revenues						
Revenue from Charges						
Wholesale Charges	\$ 347,758,000	\$ -	\$ -	\$ -	\$ 347,758,000	\$ 231,169,361
Less: Bad Debt Expense	-	-	-	-	-	-
Local System Charges	27,094,800	-	-	-	27,094,800	18,063,200
Total Revenue from Charges	374,852,800	-	-	-	374,852,800	249,232,561
Investment Earnings						
Unrestricted	6,692,200	-	5,085,800	155,000	11,933,000	8,244,733
Restricted for Debt Service	3,182,100	-	16,900	686,000	3,885,000	2,535,833
Total Investment Earnings	9,874,300	-	5,102,700	841,000	15,818,000	10,780,566
Other Revenue	400,000	-	-	-	400,000	246,094
Total Revenues	\$ 385,127,100	\$ -	\$ 5,102,700	\$ 841,000	\$ 391,070,800	\$ 260,259,221
Revenue Requirements						
Operations & Maintenance Expense	\$ 169,625,000	\$ -	\$ 5,000,000	\$ 7,602,100	\$ 182,227,100	\$ 114,481,771
Debt Service	175,300,800	-	(12,137,400)	(1,218,300)	161,945,100	112,376,301
General Retirement System Pension	2,283,300	-	(630,000)	-	1,653,300	1,522,200
Water Residential Assistance						
Program Contribution	1,947,800	-	(71,300)	-	1,876,500	1,298,536
Extraordinary Repair & Replacement Deposit	-	-	906,400	1,743,600	2,650,000	-
Regional System Lease	22,500,000	-	-	-	22,500,000	15,000,000
Working Capital Requirement	6,200,000	-	-	(1,244,000)	4,956,000	-
Improvement & Extension Fund						
Transfer Pending	7,270,200	-	12,035,000	(6,042,400)	13,262,800	4,846,800
Total Revenue Requirements	\$ 385,127,100	\$ -	\$ 5,102,700	\$ 841,000	\$ 391,070,800	\$ 249,525,608
Net Actual to Date						\$ 10,733,613

**Table 1A Commentary - Water System Revenue Requirement – Appropriation Level**  
**Revenues**

Increase to the Water System revenues of \$0.8 million is the net of the following.

- *\$841,000 Investment Earnings increase* – Based on a detailed analysis of actual investment earnings through March 31, 2025 and the projected investment earnings and cash flows for the remainder of the year. Actual rate of return on investments has exceeded the prior projections.

#### *Revenue Requirements*

Net increase to the Revenue Requirements of \$0.8 million is net of the following.

- *Increase of \$7.6 million in Operation & Maintenance Expense* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.

- *\$1.2 million Debt Service decrease* – Approximately \$958,000 is related to the delay in the issuance of the new money bonds from June 1<sup>st</sup> to June 30<sup>th</sup>. Table 2A has the detail by lien.
- *\$1.7 million increase in ER&R Deposit* – Due to increase in O&M expense. The ER&R funding is 15% of the combined budgeted operations and maintenance expenses of both the regional and local system.
- *\$1.2 million decrease in the Working Capital Requirement* – Adjustment is based on current analysis of working capital requirements for the O&M and receiving accounts.
- The overall net increase of the amendments to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$6 million. The negative impact offsets the positive impact from the second quarter amendment resulting in a net increase for the year of \$6 million which will provide funds to offset unexpected capital improvement program needs such as the southwest Detroit water main.

**Table 1B - Sewer System Revenue Requirement – Appropriation Level**

Sewer System	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Revenues						
Revenue from Charges						
Wholesale Charges	\$ 287,517,600	\$ -	\$ (130,800)	\$ -	\$ 287,386,800	\$ 191,947,432
Less: Bad Debt Expense	-	-	-	-	-	-
Local System Charges	205,924,800	-	-	-	205,924,800	137,283,200
Industrial Waste Control	8,719,300	-	-	-	8,719,300	5,888,824
Pollutant Surcharges	5,434,400	-	-	-	5,434,400	2,818,942
Total Revenue from Charges	507,596,100	-	(130,800)	-	507,465,300	337,938,398
Investment Earnings						
Unrestricted	10,494,500	-	5,656,500	(38,000)	16,113,000	11,426,335
Restricted for Debt Service	1,861,500	-	2,142,500	488,000	4,492,000	3,065,351
Total Investment Earnings	12,356,000	-	7,799,000	450,000	20,605,000	14,491,686
Other Revenue	700,000	-	-	-	700,000	196,237
Total Revenues	\$ 520,652,100	\$ -	\$ 7,668,200	\$ 450,000	\$ 528,770,300	\$ 352,626,321
Revenue Requirements						
Operations & Maintenance Expense	\$ 228,934,000	\$ -	\$ 2,500,000	\$ 3,757,600	\$ 235,191,600	\$ 150,538,693
Debt Service	226,279,400	-	(8,107,900)	(722,800)	217,448,700	147,034,925
General Retirement System Pension	4,846,300	-	(1,127,500)	-	3,718,800	3,230,864
Water Residential Assistance						
Program Contribution	2,651,700	-	(110,200)	-	2,541,500	1,767,800
Extraordinary Repair & Replacement Deposit	-	-	-	276,000	276,000	-
Regional System Lease	27,500,000	-	-	-	27,500,000	18,333,336
Working Capital Requirement	2,300,000	-	-	(2,300,000)	-	-
Improvement & Extension Fund						
Transfer Pending	28,140,700	-	14,513,800	(560,800)	42,093,700	18,760,464
Total Revenue Requirements	\$ 520,652,100	\$ -	\$ 7,668,200	\$ 450,000	\$ 528,770,300	\$ 339,666,082
Net Actual to Date						\$ 12,960,239

**Table 1B Commentary - Sewer System Revenue Requirement – Appropriation Level**

### Revenues

Net increase to Sewer System revenues of \$0.45 million is largely due to the following.

- *\$450,000 investment earnings increase* – Based on a detailed analysis of actual investment earnings through March 31, 2025 and the projected investment earnings and cash flows for the remainder of the year. Actual rate of return on investments has exceeded the prior projections.

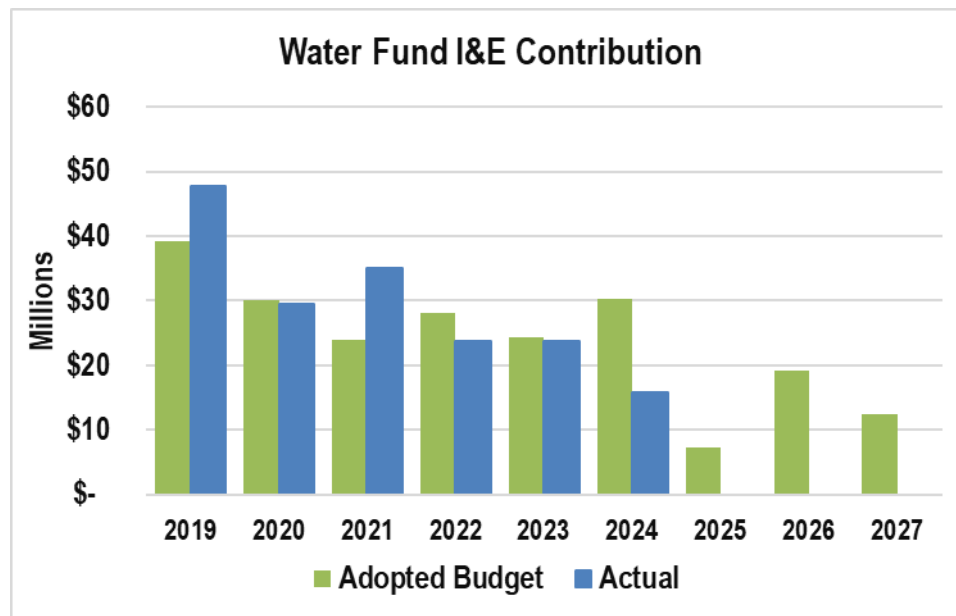
### Revenue Requirements

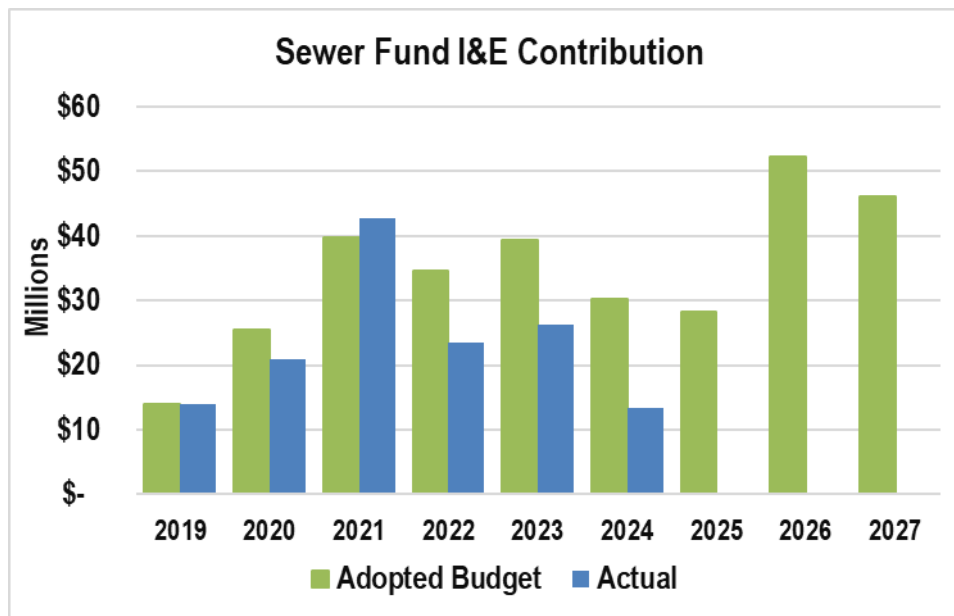
Net increase to the Revenue Requirements of \$0.45 million is the result of the following.

- *Increase in Operations & Maintenance Expense of \$3.8 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.

- *\$722,800 Debt Service decrease* – Approximately \$208,000 is related to the delay in issuance of the new money bonds from June 1st to June 30th. Approximately \$429,000 is related to fluctuation in variable rate for those bonds. Table 2A has the detail by lien.
- *\$0.3 million increase in ER&R Deposit* – Due to the increase in O&M expenses. The ER&R funding is 15% of the combined budgeted operations and maintenance expenses of both the regional and local system.
- *\$2.3 million decrease in the Working Capital Requirement* – Adjustment is based on current analysis of working capital requirements for the O&M and receiving accounts.
- The overall net increase of the amendments to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$0.6 million. The negative impact offsets the positive impact from the second quarter amendment resulting in a net increase for the year of \$14 million which will provide funds to help recover from negative variances in prior years.

**Table 1C - Supplemental Information – Historical I&E Funding – Water and Sewer System**





The current net of all the FY 2025 budget amendments result in additional funds available for I&E purposes assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. It should be noted that these increases help to offset the declining nature of the funds set aside to reduce capital financing.

**Table 1D - Supplemental Information – Operations & Maintenance by Fund**

System	FY 2025					Activity Thru 2/28/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
Water System	\$ 169,625,000	\$ -	\$ 5,000,000	\$ 7,602,100	\$ 182,227,100	\$ 114,481,771
Sewer System	228,934,000	-	2,500,000	3,757,600	235,191,600	150,538,693
<b>Total</b>	<b>\$ 398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 11,359,700</b>	<b>\$ 417,418,700</b>	<b>\$ 265,020,463</b>

*Totals may be off due to rounding.*

This table summarizes the total Operations and Maintenance Expense for each System.

**Table 1E - Supplemental Information – Operations and Maintenance by Service Area**

Operating Area	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
A Water System Operations	\$ 94,669,900	\$ -	\$ 3,000,000	\$ (3,271,500)	\$ 94,398,400	\$ 61,524,025
B Wastewater System Operations	147,245,100	-	2,500,000	(4,705,300)	145,039,800	95,967,160
C Centralized Services	116,980,200	-	2,000,000	16,263,300	135,243,500	80,668,816
D Administrative Services	39,663,800	-	-	3,073,200	42,737,000	25,836,061
Employee Benefits	-	-	-	-	-	1,024,402
<b>Total</b>	<b>\$398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$11,359,700</b>	<b>\$417,418,700</b>	<b>\$265,020,464</b>

Totals may be off due to rounding.

The \$11.4 million increase in FY 2025 Q3 budget amendments is attributable to A) decrease in direct cost of water operations, B) decrease in direct cost of sewer operations, C) increase in centralized services (e.g., systems resiliency, field services, security, information technology, facilities, and fleet), D) increase in administrative services (e.g., financial services, public affairs, general counsel, and organizational development). The costs of the latter two categories, centralized and administrative, are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

**Table 1F - Supplemental Information - Unallocated Reserve by Service Area**

O&M Unallocated Reserves	Adopted Budget	FY 2025 Amendments			Amended Budget
		1st Quarter	2nd Quarter	3rd Quarter	
Water System Operations	\$ 5,131,000	\$ -	\$ -	\$ (5,131,000)	\$ -
Wastewater System Operations	4,251,400	-	-	(4,251,400)	-
Centralized Services	2,071,000	-	-	(2,071,000)	-
Administrative & Other Services	752,000	-	-	(752,000)	-
<b>Total</b>	<b>\$ 12,205,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,205,400)</b>	<b>\$ -</b>

Totals may be off due to rounding.

An Unallocated Reserve account is established for each of the four service areas. A budget is assigned to these accounts to cover expenditures not known or quantifiable 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 a service 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 this third quarter budget amendment the

unallocated reserves were needed to offset the increase in costs for operations and maintenance.

**Table 1G - Supplemental Information - Enterprise-wide Operations & Maintenance  
by Expense Category**

O&M Expense Categories	FY 2025					Activity Thru 2/28/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
Personnel Costs	\$ 130,368,300	\$ -	\$ -	\$ 8,166,900	\$ 138,535,200	\$ 92,321,185
Utilities	70,602,500	-	-	(900,000)	69,702,500	43,611,064
Chemicals	34,834,900	-	5,500,000	(2,100,000)	38,234,900	22,448,769
Supplies & Other	43,538,700	-	-	3,035,000	46,573,700	27,558,512
Contractual Services	114,508,700	-	2,000,000	16,264,700	132,773,400	83,563,194
Capital Program Allocation	(4,581,800)	-	-	-	(4,581,800)	(1,910,159)
Shared Services	(2,279,500)	-	-	-	(2,279,500)	(1,502,733)
Intergovernmental Agreement	(638,200)	-	-	(901,500)	(1,539,700)	(1,069,368)
Unallocated Reserve	12,205,400	-	-	(12,205,400)	-	-
<b>Total</b>	<b>\$ 398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 11,359,700</b>	<b>\$ 417,418,700</b>	<b>\$ 265,020,464</b>

*Totals may be off due to rounding.*

The table above presents the Operations & Maintenance budget by the major expense categories enterprise wide. Further explanation of the proposed amendment is shown in Table 1H and explained by the four service areas: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.

GLWA's internal budget directive is for each service 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.

**Table 1H - Supplemental Information –Operations & Maintenance Expense by  
Service Area and Expense Category**

Operating Area	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>A Water System Operations</b>	<b>\$ 94,669,900</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ (3,271,500)</b>	<b>\$ 94,398,400</b>	<b>\$ 62,549,952</b>
Personnel Costs	25,732,800	-	-	2,260,000	27,992,800	19,691,390
Utilities	32,861,800	-	-	(900,000)	31,961,800	20,843,713
Chemicals	12,688,600	-	3,000,000	-	15,688,600	9,213,672
Supplies & Other	5,277,100	-	-	-	5,277,100	3,746,247
Contractual Services	15,221,500	-	-	499,500	15,721,000	10,007,130
Capital Program Allocation	(2,242,900)	-	-	-	(2,242,900)	(952,199)
Shared Services	-	-	-	-	-	-
Intergovernmental Agreement	-	-	-	-	-	-
Unallocated Reserve	5,131,000	-	-	(5,131,000)	-	-
<b>B Wastewater System Operations</b>	<b>\$ 147,245,100</b>	<b>\$ -</b>	<b>\$ 2,500,000</b>	<b>\$ (4,705,300)</b>	<b>\$ 145,039,800</b>	<b>\$ 95,964,228</b>
Personnel Costs	42,479,000	-	-	2,017,200	44,496,200	29,318,244
Utilities	37,391,500	-	-	-	37,391,500	22,512,442
Chemicals	22,146,300	-	2,500,000	(2,100,000)	22,546,300	13,235,097
Supplies & Other	16,273,900	-	-	-	16,273,900	12,545,582
Contractual Services	28,161,700	-	-	-	28,161,700	20,926,980
Capital Program Allocation	(2,121,300)	-	-	-	(2,121,300)	(860,581)
Shared Services	(699,200)	-	-	60,400	(638,800)	(466,136)
Intergovernmental Agreement	(638,200)	-	-	(431,500)	(1,069,700)	(1,247,399)
Unallocated Reserve	4,251,400	-	-	(4,251,400)	-	-
<b>C Centralized Services</b>	<b>\$ 116,980,200</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ 16,263,300</b>	<b>\$ 135,243,500</b>	<b>\$ 80,670,224</b>
Personnel Costs	39,649,100	-	-	2,679,500	42,328,600	27,446,443
Utilities	157,700	-	-	-	157,700	159,496
Chemicals	-	-	-	-	-	-
Supplies & Other	19,531,100	-	-	1,875,000	21,406,100	9,802,492
Contractual Services	57,157,900	-	2,000,000	14,310,200	73,468,100	44,093,797
Capital Program Allocation	(217,600)	-	-	-	(217,600)	(97,378)
Shared Services	(1,369,000)	-	-	(60,400)	(1,429,400)	(912,656)
Intergovernmental Agreement	-	-	-	(470,000)	(470,000)	178,030
Unallocated Reserve	2,071,000	-	-	(2,071,000)	-	-
<b>D Administrative &amp; Other Services</b>	<b>\$ 39,663,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,073,200</b>	<b>\$ 42,737,000</b>	<b>\$ 25,836,061</b>
Personnel Costs	22,507,400	-	-	1,210,200	23,717,600	15,865,109
Utilities	191,500	-	-	-	191,500	95,413
Chemicals	-	-	-	-	-	-
Supplies & Other	2,456,600	-	-	160,000	2,616,600	1,464,192
Contractual Services	13,967,600	-	-	2,455,000	16,422,600	8,535,288
Capital Program Allocation	-	-	-	-	-	-
Shared Services	(211,300)	-	-	-	(211,300)	(123,941)
Intergovernmental Agreement	-	-	-	-	-	-
Unallocated Reserve	752,000	-	-	(752,000)	-	-
<b>Grand Total</b>	<b>\$ 398,559,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 11,359,700</b>	<b>\$ 417,418,700</b>	<b>\$ 265,020,464</b>

**Table 1H Commentary - Supplemental Information –Operations & Maintenance**  
**Expense by Service Area and Expense Category**

*A – Water System Operations – Net decrease = \$3.3 million*

- Personnel – Increase of \$2.3 million – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Utilities – Decrease of \$0.9 million –Primarily related to the decrease in electrical costs at the Northeast water plant.
- Contractual Services – \$0.5 million increase – Due to an engineering project for water treatment and distribution system assessments and optimization that had an additional task added for water treatment that was not in the original budget.
- Unallocated Reserve - Decrease \$5.1 million – Adjusted down to \$0 balance to offset the Water O&M cost increases of \$1.9 million and to use \$3.2 million for the water allocation of centralized services increases.

*B – Wastewater System Operations – Net decrease = \$4.7 million.*

- Personnel - \$2.0 million increase – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Chemicals - \$2.1 million decrease – Primarily due to reduced forecast use of ferric chloride for phosphorus control anticipated as a result of the new lead and copper rules effective January 2025 (\$1 million). Other chemicals were reduced based on forecast through June which include factors such as weather and condition of the effluent received at the Water Resource Recovery Facility (\$1.1 million).
- Intergovernmental Agreement – Increase reimbursement of \$0.4 million - Based on ILAG activity.
- Unallocated Reserve - Decrease of \$4.3 million – Adjusted down to a \$0 balance to offset \$4.3 million for the sewer allocation of the centralized services increases which also will be offset with the decrease in Wastewater O&M costs of \$0.5 million.

*C – Centralized Services – Net Increase = \$16.3 million*

- Personnel – Increase of \$2.7 million – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest

- adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Supplies & Other – Increase of \$1.9 million - Primarily driven by an estimated allowance of \$3.0 million for the water main break expenses offset by \$1.7 million of software repairs and maintenance reclassified to contractual services; also approximately \$0.3 million for increase costs for service on tablets
  - Contractual Services – Increase of \$14.3 million - Primarily driven by the following items:
    - \$5.8 million increase for DWSD facility improvements
    - \$1.7 million increase for Lakeshore contract for electrician charges and low voltage wiring task
    - \$1.7 million increase for software repairs and maintenance reclassified from supplies and other to contractual services
    - \$1.5 million increase for additional NEXGEN costs
    - \$1.5 million increase for Emerson Process Management contract more work was completed than planned
    - \$0.7 million increase for PCI System Control Center support services primarily due to increase in contractual rates
    - \$0.7 million decrease in AECOM as billings decreased due to in-sourcing of tasks by CIP team
  - Intergovernmental Agreement – Increase reimbursement of \$0.5 million - Based on interlocal government agreement (ILAG) activity for shared services.
  - Unallocated Reserve - Decrease \$2.1 million – Adjusted down to a \$0 balance to offset the increased of Centralized Services O&M costs of \$18.3 million.

*D – Administrative & Other Services – Net increase = \$3.1 million*

- Personnel - Increase \$1.2 million – Due to wage adjustments which would not have been determined at the time the FY 2025 budget was created. The largest adjustments relate to the February 2024 mid-year market adjustments and the July 2024 annual merit adjustment, and the corresponding benefits.
- Supplies and other – Increase \$0.2 million – Primarily due to increases in the Organizational Development training team costs.
- Contractual Services – Increase \$2.5 million – Primarily due to \$1.4 million increase in insurance and \$1 million for legal.
- Unallocated Reserve - Decrease \$0.7 million – Adjusted down to a \$0 balance to offset the net increase in O&M of \$3.8 million.

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

Water System Debt Service Coverage Calculation	Adopted Budget	FY 2025									Amended Budget
		1st Quarter			2nd Quarter			3rd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local System	
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 347,758,000	\$ -			\$ -			\$ -			\$ 347,758,000
Local System Charges	27,094,800	-			-			-			27,094,800
Investment Earnings & Other Revenues	10,274,300	-			5,102,700			841,000			16,218,000
Total GLWA Revenues	385,127,100	-		-	5,102,700			841,000			391,070,800
Local System Revenues	91,543,300		-	538,100		-	-		-	-	92,081,400
Miscellaneous Revenue (Local System)	4,336,300		-	(636,300)		-	-		-	-	3,700,000
Total Revenues	481,006,700	-	-	(98,200)	5,102,700	-	-	841,000	-	-	486,852,200
Operations & Maintenance Transfers											
GLWA Regional System	169,625,000	-		-	5,000,000			7,602,100			182,227,100
DWSD Local System	46,614,900		-	(146,200)		-	-		-	-	46,468,700
Total Operations & Maintenance Transfers	216,239,900	-	-	(146,200)	5,000,000	-	-	7,602,100			228,695,800
Pledged Revenue	\$ 264,766,800	\$ -	\$ -	\$ 48,000	\$ 102,700	\$ -	\$ -	\$ (6,761,100)	\$ -	\$ -	\$ 258,156,400
Debt Service by Lien											
Senior Lien Bonds	\$ 151,609,800	\$ -	\$ -	\$ -	\$(11,872,700)	\$ -	\$ -	\$ 356,600	\$ -	\$(1,315,000)	\$ 138,778,700
Second Lien Bonds	51,930,500	-	-	-	(1,233,200)	-	-	(100)	-	-	50,697,200
Junior Lien Bonds	18,368,100	-	-	(1,314,900)	968,500	-	(112,800)	(1,574,800)	-	1,305,000	17,639,100
Total Debt Service **	\$ 221,908,400	\$ -	\$ -	\$ (1,314,900)	\$(12,137,400)	\$ -	\$(112,800)	\$ (1,218,300)	\$ -	\$(10,000)	\$ 207,115,000
Debt Service Coverage											
Senior Lien Bonds	1.75										1.86
Senior and Second Lien Bonds	1.30										1.36
All bonds, including SRF Junior Lien Bonds	1.19										1.25

\* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Local System column is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

\*\* Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.

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

Sewer System Debt Service Coverage Calculation	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter			3rd Quarter			
		Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local	Regional System	Local System	Adjustment to Local	
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 287,517,600	\$ -			\$ (130,800)			\$ -			\$ 287,386,800
Local System Charges	205,924,800	-			-			-			205,924,800
Invesment Earnings & Other Revenues	13,056,000	-			7,799,000			450,000			21,305,000
Total GLWA Revenues	506,498,400	-			7,668,200		-	450,000			514,616,600
Local System Revenues	82,938,500		-	2,711,500		-	-		-	-	85,650,000
Miscellaneous Revenue (Local System)	8,755,000		-	(755,000)		-	-		-	-	8,000,000
Total Revenues	598,191,900	-	-	1,956,500	7,668,200	-	-	450,000	-	-	608,266,600
Operations & Maintenance Transfers											
GLWA Regional System	228,934,000	-			2,500,000			3,757,600			235,191,600
DWSD Local System	57,986,800		-	(629,900)		-	-		-	-	57,356,900
Total Operations & Maintenance Transfers	286,920,800	-	-	(629,900)	2,500,000	-	-	3,757,600	-	-	292,548,500
Pledged Revenue	\$ 311,271,100	\$ -	\$ -	\$ 2,586,400	\$ 5,168,200	\$ -	\$ -	\$ (3,307,600)	\$ -	\$ -	\$ 315,718,100
Debt Service by Lien											
Senior Lien Bonds	\$ 157,316,400	\$ -	\$ -	\$ -	\$ (5,188,200)	\$ -	\$ -	\$ (637,800)	\$ -	\$ -	\$ 151,490,400
Second Lien Bonds	53,776,500	-	-	-	(465,400)	-	-	-	-	-	53,311,100
Junior Lien Bonds	47,436,600	-	-	-	(2,454,300)	-	(107,000)	(85,000)	-	3,200	44,793,500
Total Debt Service **	\$ 258,529,500	\$ -	\$ -	\$ -	\$ (8,107,900)	\$ -	\$ (107,000)	\$ (722,800)	\$ -	\$ 3,200	\$ 249,595,000
Debt Service Coverage											
Senior Lien Bonds	1.98										2.08
Senior and Second Lien Bonds	1.47										1.54
All bonds, including SRF Junior Lien Bonds	1.20										1.26

\* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Local System column is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

\*\* Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.



## Quarterly Budget Amendment Report FY 2025 Ending March 31, 2025

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 Total Debt Service\*\* amount shown on the Water System Debt Service Coverage Calculation Table 2A and the Sewer System Debt Service Coverage Calculation Table 2B. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds.

**Table 2C – Supplemental Information – Water System Flow of Funds Basis**

Water System Flow of Funds Basis	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter			3rd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local System	
Revenues											
Regional System Revenues											
Wholesale Charges	\$ 347,758,000	\$	-		\$	-		\$	-		\$ 347,758,000
Local System Charge	27,094,800		-			-			-		27,094,800
Total Regional System Wholesale Revenues	374,852,800		-			-			-		374,852,800
DWSD Local System Revenues - Detroit Customers	91,543,300			- 538,100			- -			- -	92,081,400
Miscellaneous Revenue (Local System)	4,336,300			- (636,300)			- -			- -	3,700,000
Investment Earnings & Other Revenues	10,274,300		-	-	5,102,700			841,000			16,218,000
Total Revenues	\$481,006,700	\$	-	\$ - \$ (98,200)	\$ 5,102,700	\$	-	\$ -	\$ 841,000	\$ - \$ -	\$ 486,852,200
Revenue Requirements											
Operations & Maintenance Expense											
Regional System	\$ 169,625,000	\$	-		\$ 5,000,000			\$ 7,602,100	\$	- \$ -	\$ 182,227,100
Local System	46,614,900			- 1,031,300			- -			- -	47,646,200
Less Shared Service Revenue				- (1,177,500)			- -			- -	(1,177,500)
Net Local System O&M Transfer	46,614,900			(146,200)							46,468,700
Total Operations & Maintenance Expense	216,239,900		-	- (146,200)	5,000,000		- -	7,602,100		- -	228,695,800
Nonoperating Requirements											
Allocable Debt Service											
Regional System	175,300,800		-		(12,137,400)			(1,218,300)			161,945,100
Local System	46,607,600			- (1,314,900)			- (112,800)			- (10,000)	45,169,900
GRS Pension											
Regional System	2,283,300		-		(630,000)			-			1,653,300
Local System	1,612,400			- -			- (445,000)			- -	1,167,400
WRAP Contribution											
Regional System	1,947,800		-		(71,300)			-			1,876,500
Local System	888,500			- (1,200)			- -			- -	887,300
Regional System											
ER&R Fund Deposit	-		-		906,400			1,743,600			2,650,000
Working Capital Requirement	6,200,000		-		-			(1,244,000)			4,956,000
Lease Payment to Local System I&E Account	22,500,000		-		-			-			22,500,000
Reserve for Revenue Financed Capital from Net Revenues											
Regional System	7,270,200		-		12,035,000			(6,042,400)			13,262,800
Local System	156,200			- 1,364,100			- 557,800			- -	2,078,100
Total Revenue Requirements	\$481,006,700	\$	-	\$ - \$ (98,200)	\$ 5,102,700	\$	-	\$ -	\$ 841,000	\$ - \$ (10,000)	\$ 486,842,200

Rows highlighted in light grey in the above table are designed to align with the DWSD Budget.

The Adopted Budget Column was based on preliminary DWSD budget information.

The 1st Quarter column Adjustment to Adopted Local System is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

The 2nd & 3rd Quarter columns Adjustment to Local System is to recognize known changes that DWSD has not amended their budget for but that are taken into account for the MBO monthly flow of funds.

This schedule is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.

**Table 2D – Supplemental Information – Sewer System Flow of Funds Basis**

Sewer System Flow of Funds Basis	Adopted Budget	FY 2025									Amended Budget
		Amendments									
		1st Quarter			2nd Quarter			3rd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local System	
Revenues											
Regional System Revenues											
Wholesale Charges	\$ 287,517,600	\$ -			\$ (130,800)			\$ -	\$ -	\$ -	\$ 287,386,800
Local System Charge	205,924,800	-			-			-	-	-	205,924,800
Industrial Waste Control	8,719,300	-			-			-	-	-	8,719,300
Pollutant Surcharges	5,434,400	-			-			-	-	-	5,434,400
Total Regional System Wholesale Revenues	507,596,100	-			(130,800)			-	-	-	507,465,300
DWSD Local System Revenues - Detroit Customers	82,938,500		-	2,711,500		-	-	-	-	-	85,650,000
Miscellaneous Revenue (Local System)	8,755,000		-	(755,000)		-	-	-	-	-	8,000,000
Other Revenues & Investment Earnings (Regional System)	13,056,000	-			7,799,000			450,000	-	-	21,305,000
Total Revenues	\$ 612,345,600	\$ -	\$ -	\$ 1,956,500	\$ 7,668,200	\$ -	\$ -	\$ 450,000	\$ -	\$ -	\$ 622,420,300
Revenue Requirements											
Operations & Maintenance Expense											
Regional System	\$ 228,934,000	\$ -			\$ 2,500,000			\$ 3,757,600	\$ -	\$ -	\$ 235,191,600
Local System	57,986,800		-	692,600		-	-	-	-	-	58,679,400
Less Shared Service Revenue	-		-	(1,322,500)		-	-				(1,322,500)
Net Local System O&M Transfer	57,986,800		-	(629,900)		-	-	-	-	-	57,356,900
Total Operations & Maintenance Expense	286,920,800	-	-	(629,900)	2,500,000	-	-	3,757,600	-	-	292,548,500
Nonoperating Requirements											
Allocable Debt Service											
Regional System	226,279,400	-			(8,107,900)			(722,800)	-	-	217,448,700
Local System	32,250,100		-	-		-	(107,000)	-	-	3,200	32,146,300
GRS Pension											
Regional System	4,846,300	-			(1,127,500)			-	-	-	3,718,800
Local System	1,279,900		-	-		-	(297,500)	-	-	-	982,400
WRAP Contribution											
Regional System	2,651,700	-			(110,200)			-	-	-	2,541,500
Local System	1,343,500		-	18,700		-	-	-	-	-	1,362,200
Regional System											
ER&R Fund Deposit	-	-			-			276,000	-	-	276,000
Working Capital Requirement	2,300,000	-			-			(2,300,000)	-	-	-
Lease Payment to Local System I&E Account	26,333,200	-	-	1,166,800	-	-	-	-	-	-	27,500,000
Reserve for Revenue Financed Capital from Net Revenues											
Regional System	28,140,700	-			14,513,800			(284,800)	-	-	42,369,700
Local System	-		-	1,400,900		-	404,500	-	-	-	1,805,400
Total Revenue Requirements	\$ 612,345,600	\$ -	\$ -	\$ 1,956,500	\$ 7,668,200	\$ -	\$ -	\$ 726,000	\$ -	\$ 3,200	\$ 622,699,500

Rows highlighted in light grey in the above table are designed to align with the DWSD Budget.

The Adopted Budget Column was based on preliminary DWSD budget information.

The 1st Quarter column Adjustment to Adopted Local System is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

The 2nd & 3rd Quarter columns Adjustment to Local System is to recognize known changes that DWSD has not amended their budget for but that are taken into account for the MBO monthly flow of funds.

This schedule is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.

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

Water Improvement & Extension Fund	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Inflows						
Transfer from Water Operations Fund - Revenue Transfers	\$ 7,270,200	\$ -	\$ 12,035,000	\$ (6,042,400)	\$ 13,262,800	\$ 4,846,800
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	938,700	-	4,990,300	196,000	6,125,000	4,492,361
Total Inflows	8,208,900	-	17,025,300	(5,846,400)	19,387,800	9,339,161
Outflows						
Transfer to Water Operations Fund - Investment Earnings (a)	938,700	-	4,990,300	196,000	6,125,000	366,783
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Capital Outlay	10,527,800	-	-	1,307,900	11,835,700	6,213,065
Transfer to Construction Fund- Revenue Financed Capital	15,000,000	-	(15,000,000)	-	-	-
Total Outflows	26,466,500	-	(10,009,700)	1,503,900	17,960,700	6,579,848
Net Increase (Use) of Reserves	(18,257,600)	-	27,035,000	(7,350,300)	1,427,100	2,759,313
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	-
Change in Net Position	(18,257,600)	-	27,035,000	(7,350,300)	1,427,100	2,759,313
Beginning Net Position	147,212,300				147,212,300	147,212,300
Projected Ending Net Position	\$ 128,954,700	\$ -	\$ 27,035,000	\$ (7,350,300)	\$ 148,639,400	\$ 149,971,613

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund to then offset revenue requirement needs.

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

*Inflows*

- *Transfers from Water Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 revenue requirement based upon general operating fund performance. (see Table 1A - Appropriation Level - Water System Revenue Requirement line item I&E Fund Transfer Pending).

- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year. Note: 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.

#### *Outflows*

- *Transfer to Water Operations Fund – Investment Earnings* - The increase is based on the projected investment earnings. Note: This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as required by the Master Bond Ordinance. Any variance in the year to date activity between the two lines represents a timing difference. The larger difference between the two lines for the period presented is a result of a reclassification that will be posted in March 2025.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as 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 increase in budget is related to the following:

Water Works Park	\$423,900	HVAC Intellipak replacement which was not planned
Springwells WTP	\$379,000	New alum sludge process equipment and pumps for steam generator
Lake Huron WTP	\$505,000	Chlorine Monorail, forklift, snowplow and submersible pump
Total	\$1,307,900	

- *Transfer to Construction Fund - Revenue Financed Capital* – No budget amendment is required.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

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

Sewer Improvement & Extension Fund	FY 2025					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Sewer Operations Fund - Revenue Transfers	\$ 28,140,700	\$ -	\$ 14,513,800	\$ (560,800)	\$ 42,093,700	\$ 18,760,464
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	1,076,000	-	4,984,000	150,000	6,210,000	4,551,826
<b>Total Inflows</b>	29,216,700	-	19,497,800	(410,800)	48,303,700	23,312,290
<b>Outflows</b>						
Transfer to Sewer Operations Fund - Investment Earnings (a)	1,076,000	-	4,984,000	150,000	6,210,000	408,734
Capital Spending Other (net of ILAG)	-	-	-	-	-	4,161
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Capital Outlay	12,071,300	-	-	-	12,071,300	4,837,912
Transfer to Construction Fund- Revenue Financed Capital	5,500,000	-	-	(5,500,000)	-	-
<b>Total Outflows</b>	18,647,300	-	4,984,000	(5,350,000)	18,281,300	5,250,807
Net Increase (Use) of Reserves	10,569,400	-	14,513,800	4,939,200	30,022,400	18,061,483
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	-
Change in Net Position	10,569,400	-	14,513,800	4,939,200	30,022,400	18,061,483
Beginning Net Position	138,290,300				138,290,300	138,290,300
Projected Ending Net Position	\$ 148,859,700	\$ -	\$ 14,513,800	\$ 4,939,200	\$ 168,312,700	\$ 156,351,783

(a) 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.

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

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 revenue requirement based upon general operating fund performance. (see Table 1B - Appropriation Level - Sewer System Revenue Requirement line item I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.

- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year. Note: 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.

#### *Outflows*

- *Transfer to Sewer Operations Fund- Investment Earnings* - The increase is based on the projected investment earnings. Note: This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as required by the Master Bond Ordinance. Any variance in the year to date activity between the two lines represents a timing difference. The larger difference between the two lines for the period presented is a result of a reclassification that will be posted in March 2025.
- *Capital Spending Other* - This category will generally net to zero by year end. ILAG costs and reimbursements fall in this category.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Capital Outlay* - There are no proposed budget amendments for this quarter.
- *Transfer to Construction Fund - Revenue Financed Capital* - The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for the current fiscal year.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

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

Water Construction Fund	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Water Improvement & Extension Fund	\$ 15,000,000	\$ -	\$ (15,000,000)	\$ -	\$ -	\$ -
Transfers in from Water Operations Fund						
Bond Proceeds	271,562,500	-	(41,562,500)	-	230,000,000	-
SRF loan proceeds	30,800,000	-	30,843,600	-	61,643,600	51,543,602
Investment Earnings	7,953,300	-	(3,288,300)	174,000	4,839,000	4,002,076
Grant Revenues & Capital Contributions	-	-	1,240,400	608,500	1,848,900	1,848,970
<b>Total Inflows</b>	<b>325,315,800</b>	<b>-</b>	<b>(27,766,800)</b>	<b>782,500</b>	<b>298,331,500</b>	<b>57,394,648</b>
<b>Outflows</b>						
Transfer to Water Operations Fund						
Bond Cost of Issuance	-	-	1,725,000	-	1,725,000	-
Capital Program	210,000,000	-	-	-	210,000,000	107,015,283
<b>Total Outflows</b>	<b>210,000,000</b>	<b>-</b>	<b>1,725,000</b>	<b>-</b>	<b>211,725,000</b>	<b>107,015,283</b>
Net Increase (Use) of Reserves	115,315,800	-	(29,491,800)	782,500	86,606,500	(49,620,635)
Beginning Net Position	131,327,100				131,327,100	131,327,100
Projected Ending Net Position	\$ 246,642,900	\$ -	\$ (29,491,800)	\$ 782,500	\$ 217,933,600	\$ 81,706,465
<b>CIP Plan</b>						
Capital Improvement Plan	\$ 207,333,000				\$ 207,333,000	\$ 207,333,000
Capital Spend Rate Assumption	100%				100%	
Capital Spending Ratio						52%
<b>CIP Financial Plan</b>						
CIP Expenditures paid through Construction Fund	\$ 210,000,000	\$ -	\$ -	\$ -	\$ 210,000,000	\$ 107,015,283
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 210,000,000	\$ -	\$ -	\$ -	\$ 210,000,000	\$ 107,015,283

**Table 4A Commentary - Water System Construction Fund – Appropriation Level**
**Inflows**

- *Transfers from Water Improvement & Extension Fund* - There is no proposed budget amendment for this quarter.
- *Bond Proceeds* - There is no proposed budget amendment for this quarter.

- *State Revolving Fund Loans* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuates with project expenditures incurred. There is no proposed budget amendment for this quarter. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [May 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year.
- *Grant Revenues & Capital Contributions* - The budget increase is related to grant funds that have been received.

#### *Outflows*

- *Bond Cost of Issuance* - There is no proposed budget amendment for this quarter.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. No budget amendment is being proposed for this quarter.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

#### *CIP Plan*

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2025](#).
- *Capital Spend Rate Assumption* - 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 (CWIP) report is presented in the [March 2025 Audit Committee binder](#).

#### *CIP Financial Plan*

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.

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

Sewer Construction Fund	Adopted Budget	FY 2025 Amendments			Amended Budget	Activity Thru 2/28/2025
		1st Quarter	2nd Quarter	3rd Quarter		
<b>Inflows</b>						
Transfer from Sewer Improvement & Extension Fund	\$ 5,500,000	\$ -	\$ -	\$ (5,500,000)	\$ -	\$ -
Transfers in from Sewer Operations Fund						
Bond Proceeds	-	-	50,000,000	-	50,000,000	-
SRF loan proceeds	96,852,000	-	-	-	96,852,000	53,278,816
Investment Earnings	2,359,000	-	3,701,000	770,000	6,830,000	5,232,154
Grant Revenues & Capital Contribution	-	-	-	2,664,800	2,664,800	2,664,876
<b>Total Inflows</b>	104,711,000	-	53,701,000	(2,065,200)	156,346,800	61,175,846
<b>Outflows</b>						
Transfer to Sewer Operations Fund						
Bond Cost of Issuance	-		375,000	-	375,000	-
Capital Program	170,000,000		15,000,000	-	185,000,000	108,551,882
<b>Total Outflows</b>	170,000,000	-	15,375,000	-	185,375,000	108,551,882
Net Increase (Use) of Reserves	(65,289,000)	-	38,326,000	(2,065,200)	(29,028,200)	(47,376,036)
Beginning Net Position	172,408,200				172,408,200	172,408,200
Projected Ending Net Position	\$ 107,119,200	\$ -	\$ 38,326,000	\$ (2,065,200)	\$ 143,380,000	\$ 125,032,164
<b>CIP Plan</b>						
Capital Improvement Plan	\$ 169,189,000				\$ 169,189,000	\$ 169,189,000
Capital Spend Rate Assumption	100%				100%	
Capital Spending Ratio						64%
<b>CIP Financial Plan</b>						
CIP Expenditures paid through Construction Fund	\$ 170,000,000	\$ -	\$ 15,000,000	\$ -	\$ 185,000,000	\$ 108,551,882
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 170,000,000	\$ -	\$ 15,000,000	\$ -	\$ 185,000,000	\$ 108,551,882

**Table 4B Commentary - Sewer System Construction Fund – Appropriation Level**
**Inflows**

- *Transfers from Sewer Improvement & Extension Fund* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 Improvement & Extension Fund (see Table 3B - Appropriation Level - Sewer System Improvement & Extension Fund line item Revenue Financed Capital - Transfer to

Construction Fund). The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for FY 2025.

- *Bond Proceeds* - There is no proposed budget amendment for this quarter.
- *State Revolving Fund Loans* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuates with project expenditures incurred. There is no proposed amendment for this quarter. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [May 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year.
- *Grant Revenues & Capital Contributions* – The budget increase is related to grant funds that have been received.

#### *Outflows*

- *Bond Cost of Issuance* - There is no proposed budget amendment for this quarter.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. There is no proposed budget amendment for this quarter.

*Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

#### *CIP Plan*

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2025](#).
- *Capital Spend Rate Assumption* - 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 (CWIP) report is presented in the [March 2025 Audit Committee binder](#).



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### *CIP Financial Plan*

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.