



## Financial Services Audit Committee Communication

**Date:** March 25, 2022

**To:** Great Lakes Water Authority Audit Committee

**From:** Lisa L. Mancini, Financial Planning & Analysis Manager

**Re:** FY 2022 Second Quarter Budget Amendments through December 31, 2021, 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. When 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:** Highlights of the second quarter budget amendments include the following.

- A. There is a net increase to the Water System revenues of \$0.5 million. This is due to increases in the following.
  - \$0.4 million – Investment earnings adjustment based on revised interest rates and cashflow forecast.
  - \$0.1 million – Other revenues adjustment for energy rebates and lease revenues.
  
- B. There is a net decrease to the Sewer System revenues of \$2.7 million due to the following.
  - \$2.4 million decrease – Highland Park bad debt adjustment (combined with the first quarter adjustment of \$3.0 million to bring the total FY 2022 adjustment to \$5.4 million).
  - \$0.7 million decrease – Industrial Waste Control Charges adjustment based on revised FY 2022 forecast.
  - \$0.4 million increase – Investment earnings adjustment based on revised interest rates and cashflow forecast.
  - \$90.0 thousand increase – Other revenues adjustment for energy rebates.

- C. The Capital Spending Ratio for the sewer capital improvement plan has increased from 77.0% to 78.0% which equates to \$1.1 million. The Capital Spending Ratio remains at 80.4% for the water capital improvement plan as amended in the first quarter.

The attached budget amendment report is organized in the following manner.

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

- A. *Water System General Operating Fund*
- B. *Sewer System General Operating Fund*
- C. *Total Operating Fund Level – Water System and Sewer System (Supplemental Information)*
- D. *Enterprise-wide Core Groups (Supplemental Information)*
- E. *Enterprise-wide Operations & Maintenance Account Type (Supplemental Information)*
- F. *Unallocated Reserve by Core Group (Supplemental Information)*

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

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

**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*

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 second quarter FY 2022 budget amendments.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

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

Water System	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
<b>Revenues</b>					
Suburban Wholesale Customer Charges	\$ 321,110,900	\$ (2,400,000)	\$ -	\$ 318,710,900	\$ 162,992,800
Retail Service Charges	21,697,300	-	-	21,697,300	10,848,600
Investment Earnings	1,047,300	500,000	376,500	1,923,800	1,057,000
Other Revenues	175,000	-	116,000	291,000	247,000
<b>Total Revenues</b>	<b>\$ 344,030,500</b>	<b>\$ (1,900,000)</b>	<b>\$ 492,500</b>	<b>\$ 342,623,000</b>	<b>\$ 175,145,400</b>
<b>Revenue Requirements</b>					
Operations & Maintenance Expense	\$ 143,933,800	\$ -	\$ -	\$ 143,933,800	\$ 67,115,300
General Retirement System Legacy Pension	6,048,000	-	-	6,048,000	3,024,000
Debt Service	135,481,000	(360,000)	-	135,121,000	67,853,500
General Retirement System Accelerated Pension	6,268,300	-	-	6,268,300	3,134,300
Extraordinary Repair & Replacement Deposit	-	-	-	-	-
Water Residential Assistance Program Contribution	1,705,500	-	-	1,705,500	852,800
Regional System Lease	22,500,000	-	-	22,500,000	11,250,000
DWSD Budget Shortfall Pending Improvement & Extension Fund Transfer Pending	-	-	-	-	-
	28,093,900	(1,540,000)	492,500	27,046,400	13,698,600
<b>Total Revenue Requirements</b>	<b>\$ 344,030,500</b>	<b>\$ (1,900,000)</b>	<b>\$ 492,500</b>	<b>\$ 342,623,000</b>	<b>\$ 166,928,500</b>
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ 8,216,900



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation</b>	
<b>Revenues</b>	
Suburban Wholesale Customer Charges	<i>No budget amendment is required.</i>
Retail Services Charges	<i>No budget amendment is required.</i>
Investment Earnings	<i>The increase is based on the revised interest rates and cashflow forecast.</i>
Other Revenues	<i>The budget amendment proposed is based on activity to date for energy rebates and lease payments received (radio towers and easements). This source of revenue fluctuates from year to year.</i>
<b>Revenue Requirements (Expenditures)</b>	
Operations & Maintenance Expense	<i>No budget amendment is required.</i>
General Retirement System Legacy Pension	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Debt Service	<i>No budget amendment is required.</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Extraordinary Repair & Replacement Deposit	<i>No budget amendment is required. This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>
Water Residential Assistance Program Contribution	<i>No budget amendment is required. Budget is fixed at time of budget adoption.</i>
Regional System Lease	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time.</i>



Quarterly Budget Amendment Report  
FY 2022 Ending December 31, 2021

<b>Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation</b>	
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to revenues, investment earnings, debt service, and DWSD budget shortfall affect this line item.</i>



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

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

Sewer System	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
<b>Revenues</b>					
Suburban Wholesale Customer Charges	\$ 272,130,000	\$ (3,000,000)	\$ (2,400,000)	\$ 266,730,000	\$ 136,134,800
Retail Service Charges	188,662,200	-	-	188,662,200	94,331,100
Industrial Waste Control Charges	9,024,800	-	(700,000)	8,324,800	4,159,100
Pollutant Surcharges	4,188,900	-	-	4,188,900	2,627,100
Investment Earnings	1,023,300	500,000	352,900	1,876,200	836,400
Other Revenues	400,000	-	90,000	490,000	287,600
<b>Total Revenues</b>	<b>\$ 475,429,200</b>	<b>\$ (2,500,000)</b>	<b>\$ (2,657,100)</b>	<b>\$ 470,272,100</b>	<b>\$ 238,376,100</b>
<b>Revenue Requirements</b>					
Operations & Maintenance Expense	\$ 181,299,800	\$ -	\$ -	\$ 181,299,800	\$ 89,629,100
General Retirement System Legacy Pension	10,824,000	-	-	10,824,000	5,412,000
Debt Service	207,209,500	(2,225,000)	-	204,984,500	103,656,200
General Retirement System Accelerated Pension	11,620,700	-	-	11,620,700	5,810,400
Extraordinary Repair & Replacement Deposit	-	-	-	-	-
Water Residential Assistance Program Contribution	2,358,300	-	-	2,358,300	1,179,200
Regional System Lease	27,500,000	-	-	27,500,000	13,750,000
DWSD Budget Shortfall Pending	-	-	-	-	1,358,400
Improvement & Extension Fund Transfer Pending	34,616,900	(275,000)	(2,657,100)	31,684,800	16,749,300
<b>Total Revenue Requirements</b>	<b>\$ 475,429,200</b>	<b>\$ (2,500,000)</b>	<b>\$ (2,657,100)</b>	<b>\$ 470,272,100</b>	<b>\$ 237,544,600</b>
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ 831,500



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation</b>	
<b>Revenues</b>	
Suburban Wholesale Customer Charges	<i>The reduction to this category is the result of an adjustment to the allowance for bad debt expense for Highland Park.</i>
Retail Services Charges	<i>No budget amendment is required.</i>
Industrial Waste Control Charges	<i>The budget amendment proposed is based on a review of billings to date and a revised FY 2022 forecast.</i>
Pollutant Surcharges	<i>No budget amendment is required.</i>
Investment Earnings	<i>The increase is based on the revised interest rates and cashflow forecast.</i>
Other Revenues	<i>The budget amendment proposed is based on activity to date for energy rebates. This source of revenue fluctuates from year to year.</i>
<b>Revenue Requirements (Expenditures)</b>	
Operations & Maintenance Expense	<i>No budget amendment is required.</i>
General Retirement System Legacy Pension	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Debt Service	<i>No budget amendment is required.</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Extraordinary Repair & Replacement Deposit	<i>No budget amendment is required. This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>
Water Residential Assistance Program Contribution	<i>No budget amendment is required. Budget is fixed at time of budget adoption.</i>
Regional System Lease	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation</b>	
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30<sup>th</sup> of the subsequent year. Communication with DWSD Management indicates that plans are cautiously optimistic that the shortfall will be cured by year-end.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to revenues, investment earnings, debt service, and DWSD budget shortfall affect this line item.</i>





Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

**Table 1C - Supplemental Information - Operating Fund Level - Water System and Sewer System**

<b>System</b>	<b>FY 2022 Board Adopted Budget</b>	<b>Total 1st Quarter FY 2022 Amendments</b>	<b>Total 2nd Quarter FY 2022 Amendments</b>	<b>FY 2022 Amended Budget</b>	<b>FY 2022 Activity Thru 12/31/2021</b>
Water System Operations	\$ 143,933,800	\$ -	\$ -	\$ 143,933,800	\$ 67,115,300
Wastewater System Operations	181,299,800	-	-	181,299,800	89,629,100
<b>Total</b>	<b>\$ 325,233,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325,233,600</b>	<b>\$ 156,744,400</b>

*Totals may be off due to rounding.*

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.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

**Table 1D - Supplemental Information - Enterprise-wide Core Groups**

O&M Major Budget Categories (Core Groups)	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
A Water System Operations	\$ 74,813,000	\$ -	\$ -	\$ 74,813,000	\$ 38,647,400
B Wastewater System Operations	111,971,400	-	-	111,971,400	56,534,500
C Centralized Services	103,845,900	-	-	103,845,900	45,844,700
D Administrative & Other Services	34,603,300	-	-	34,603,300	15,717,800
<b>Total</b>	<b>\$ 325,233,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325,233,600</b>	<b>\$ 156,744,400</b>

*Totals may be off due to rounding.*

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 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 FY 2022, 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 1)*.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

**Table 1E - Supplemental Information - Enterprise-wide Operations & Maintenance Account Type**

O&M Expense Categories (Account Type)	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
Personnel Costs	\$ 115,437,400	\$ (1,436,600)	\$ (92,700)	\$ 113,908,100	\$ 54,679,800
Utilities	50,398,000	-	42,900	50,440,900	27,899,600
Chemicals	16,044,300	-	1,470,400	17,514,700	9,384,100
Supplies & Other	38,559,700	1,057,200	(2,534,200)	37,082,700	13,911,000
Contractual Services	103,375,700	1,459,000	1,958,600	106,793,300	53,627,400
Capital Program Allocation	(3,471,000)	-	-	(3,471,000)	(1,388,700)
Shared Services	(1,892,500)	(883,200)	(153,300)	(2,929,000)	(1,368,800)
Unallocated Reserve	6,782,000	(196,400)	(691,700)	5,893,900	-
<b>Total</b>	<b>\$ 325,233,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325,233,600</b>	<b>\$ 156,744,400</b>

Totals may be off due to rounding.

The table above presents the Operations & Maintenance budget by the major expense categories (account type).

For additional detail and the explanation of the key changes to the FY 2022 budget within these categories, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.

For an additional view of the Operations & Maintenance budget by expense category (account type) and by departmental level, see *Supplemental Information - Enterprise-wide Operations & Maintenance Account Type and Departmental Level Amendments (Addendum 2)*.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

**Table 1F - Supplemental Information - Unallocated Reserve by Core Group**

O&M Unallocated Reserves	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget
Water System Operations	\$ 1,798,800	\$ -	\$ -	\$ 1,798,800
Wastewater System Operations	2,250,900	(1,061,100)	153,300	1,343,100
Centralized Services	2,187,600	(227,100)	(61,700)	1,898,800
Administrative & Other Services	544,700	1,091,900	(783,300)	853,300
<b>Total</b>	<b>\$ 6,782,000</b>	<b>\$ (196,300)</b>	<b>\$ (691,700)</b>	<b>\$ 5,894,000</b>

Totals may be off due to rounding.

An Unallocated Reserve account is established for each of the four core groups. Budget is assigned to these accounts to cover expenditures not known 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 an 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 additional information on the FY 2022 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.



Quarterly Budget Amendment Report  
FY 2022 Ending December 31, 2021

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

	FY 2022 Board Adopted Budget	1st Quarter FY 2022 Amendments Regional System	1st Quarter FY 2022 Amendments Local System	FY 2022 Amended Budget	2nd Quarter FY 2022 Amendments Regional System	2nd Quarter FY 2022 Amendments Local System	FY 2022 Amended Budget
<b>Water System - Debt Service Coverage Calculation</b>							
<b>Revenues</b>							
1 Regional System Wholesale Revenues	\$ 342,808,200	\$ (2,400,000)	\$ -	\$ 340,408,200	\$ -	\$ -	\$ 340,408,200
2 Local System Revenues	73,264,300	-	(3,626,300)	69,638,000	-	-	69,638,000
3 Miscellaneous Revenue (Local System)	6,428,400	-	(2,614,900)	3,813,500	-	-	3,813,500
4 Non-Operating Revenue (Regional System)	1,222,300	500,000	-	1,722,300	492,500	-	2,214,800
<b>5 Total Revenues</b>	<b>\$ 423,723,200</b>	<b>\$ (1,900,000)</b>	<b>\$ (6,241,200)</b>	<b>\$ 415,582,000</b>	<b>\$ 492,500</b>	<b>\$ -</b>	<b>\$ 416,074,500</b>
<b>Revenue Requirements</b>							
<b>Operations &amp; Maintenance Expense</b>							
6 Regional System Wholesale Expenses	\$ 143,933,800	\$ -	\$ -	\$ 143,933,800	\$ -	\$ -	\$ 143,933,800
7 Local System Expenses	34,648,600	-	(4,659,600)	29,989,000	-	-	29,989,000
8 GRS Pension allocable to Regional System	6,048,000	-	-	6,048,000	-	-	6,048,000
9 GRS Pension allocable to Local System	4,272,000	-	-	4,272,000	-	-	4,272,000
<b>10 Total Operations &amp; Maintenance Expense</b>	<b>188,902,400</b>	<b>-</b>	<b>(4,659,600)</b>	<b>184,242,800</b>	<b>-</b>	<b>-</b>	<b>184,242,800</b>
<b>11 Net Revenues after Operations &amp; Maintenance Expense</b>	<b>\$ 234,820,800</b>	<b>\$ (1,900,000)</b>	<b>\$ (1,581,600)</b>	<b>\$ 231,339,200</b>	<b>\$ 492,500</b>	<b>\$ -</b>	<b>\$ 231,831,700</b>
<b>Debt Service by Lien</b>							
12 Senior Lien Bonds	\$ 124,309,700	\$ -	\$ -	\$ 124,309,700	\$ -	\$ -	\$ 124,309,700
13 Second Lien Bonds	46,840,400	-	-	46,840,400	-	-	46,840,400
14 SRF Junior Lien Bonds	6,695,100	(360,000)	-	6,335,100	-	-	6,335,100
<b>15 Total Debt Service</b>	<b>\$ 177,845,200</b>	<b>\$ (360,000)</b>	<b>\$ -</b>	<b>\$ 177,485,200</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177,485,200</b>
<b>Debt Service Coverage</b>							
16 Senior Lien Bonds (11)/(12)	1.89	(0.02)	(0.01)	1.86	0.00	0.00	1.86
17 Second Lien Bonds (11)/[(12)+(13)]	1.37	(0.01)	(0.01)	1.35	0.00	0.00	1.35
18 SRF Junior Lien Bonds (11)/(15)	1.32	(0.01)	(0.01)	1.30	0.00	0.00	1.31

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

\*\* Total Debt Service, highlighted in dark grey (Row 15) in the above table, is adopted by the GLWA Board.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level - Debt Service - Water System Debt Service Coverage Calculation Budget Amendment Explanation</b>	
Total Debt Service	<i>For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations &amp; maintenance (O&amp;M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Debt Service amount shown on line 15 of the Water System Debt Service Coverage Calculation table on the previous page. This is the amount necessary to pay the principal of and interest on all Regional Water System bonds and to restore any reserves therefore established in the Master Bond Ordinance.</i>



Quarterly Budget Amendment Report  
FY 2022 Ending December 31, 2021

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

	FY 2022 Board Adopted Budget	1st Quarter FY 2022 Amendments Regional System	1st Quarter FY 2022 Amendments Local System	FY 2022 Amended Budget	2nd Quarter FY 2022 Amendments Regional System	2nd Quarter FY 2022 Amendments Local System	FY 2022 Amended Budget	
<b>Sewer System - Debt Service Coverage Calculation</b>								
<b>Revenues</b>								
1	Regional System Wholesale Revenues	\$ 474,005,900	\$ (3,000,000)	\$ -	\$ 471,005,900	\$ (3,100,000)	\$ -	\$ 467,905,900
2	Local System Revenues	104,684,700	-	(6,803,300)	97,881,400	-	-	97,881,400
3	Miscellaneous Revenue (Local System)	6,810,800	-	364,200	7,175,000	-	-	7,175,000
4	Non-Operating Revenue (Regional System)	1,423,300	500,000	-	1,923,300	442,900	-	2,366,200
<b>5</b>	<b>Total Revenues</b>	<b>\$ 586,924,700</b>	<b>\$ (2,500,000)</b>	<b>\$ (6,439,100)</b>	<b>\$ 577,985,600</b>	<b>\$ (2,657,100)</b>	<b>\$ -</b>	<b>\$ 575,328,500</b>
<b>Revenue Requirements</b>								
<b>Operations &amp; Maintenance Expense</b>								
6	Regional System Wholesale Expenses	\$ 181,299,800	\$ -	\$ -	\$ 181,299,800	\$ -	\$ -	\$ 181,299,800
7	Local System Expenses	69,233,000	-	(7,932,000)	61,301,000	-	-	61,301,000
8	GRS Pension allocable to Regional System	10,824,000	-	-	10,824,000	-	-	10,824,000
9	GRS Pension allocable to Local System	2,856,000	-	-	2,856,000	-	-	2,856,000
10	<b>Total Operations &amp; Maintenance Expense</b>	<b>264,212,800</b>	<b>-</b>	<b>(7,932,000)</b>	<b>256,280,800</b>	<b>-</b>	<b>-</b>	<b>256,280,800</b>
11	<b>Net Revenues after Operations &amp; Maintenance Expense</b>	<b>\$ 322,711,900</b>	<b>\$ (2,500,000)</b>	<b>\$ 1,492,900</b>	<b>\$ 321,704,800</b>	<b>\$ (2,657,100)</b>	<b>\$ -</b>	<b>\$ 319,047,700</b>
<b>Debt Service by Lien</b>								
12	Senior Lien Bonds	\$ 133,195,700	\$ (2,375,000)	\$ -	\$ 130,820,700	\$ -	\$ -	\$ 130,820,700
13	Second Lien Bonds	51,893,000	-	-	51,893,000	-	-	51,893,000
14	SRF Junior Lien Bonds	53,921,600	150,000	-	54,071,600	-	-	54,071,600
<b>15</b>	<b>Total Debt Service</b>	<b>\$ 239,010,300</b>	<b>\$ (2,225,000)</b>	<b>\$ -</b>	<b>\$ 236,785,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 236,785,300</b>
<b>Debt Service Coverage</b>								
16	Senior Lien Bonds (11)/(12)	2.42	(0.02)	0.01	2.46	(0.02)	0.00	2.44
17	Second Lien Bonds (11)/[(12)+(13)]	1.74	(0.01)	0.01	1.76	(0.01)	0.00	1.75
18	SRF Junior Lien Bonds (11)/(15)	1.35	(0.01)	0.01	1.36	(0.01)	0.00	1.35

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

\*\* Total Debt Service, highlighted in dark grey (Row 15) in the above table, is adopted by the GLWA Board.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level - Debt Service - Sewer System Debt Service Coverage Calculation Budget Amendment Explanation</b>	
Total Debt Service	<i>For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations &amp; maintenance (O&amp;M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Debt Service amount shown on line 15 of the Sewer System Debt Service Coverage Calculation table on the previous page. This is the amount necessary to pay the principal of and interest on all Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance.</i>





Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

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

Water Improvement & Extension Fund	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
<b>Revenues</b>					
Water System Transfers In from General Operating	\$ 28,093,900	\$ (1,540,000)	\$ 492,500	\$ 27,046,400	\$ 13,698,600
Earnings on Investments (b)	-	715,000	614,000	1,329,000	906,600
Net Use of Reserves (a)	97,220,700	68,800	(3,523,300)	93,766,200	-
<b>Total Revenues</b>	\$ 125,314,600	\$ (756,200)	\$ (2,416,800)	\$ 122,141,600	\$ 14,605,200
<b>Expenditures</b>					
Water System Revenue Transfers Out (b)	\$ -	\$ 715,000	\$ 614,000	\$ 1,329,000	\$ 915,900
Capital Spending - Other	-	567,400	-	567,400	1,117,700
Capital Outlay	17,006,600	-	(3,030,800)	13,975,800	2,515,700
Revenue Financed Capital - Operating Transfer to Construction Fund	108,308,000	(2,038,600)	-	106,269,400	56,654,100
<b>Total Expenditures</b>	\$ 125,314,600	\$ (756,200)	\$ (2,416,800)	\$ 122,141,600	\$ 61,203,400
<i>(a) Beginning Net Position</i>				\$ 207,475,000	
<i>Net Use of Reserves</i>				\$ (93,766,200)	
<i>Projected Ending Net Position</i>				\$ 113,708,800	

(b) 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.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Improvement &amp; Extension Fund – Water System Budget Amendment Explanation</b>	
<b>Revenues</b>	
Transfers In from General Operating	<i>The proposed budget amendment is to match the amount available for transfer from the FY 2022 revenue requirement based upon general operating fund performance. (see I&amp;E Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Water System General Operating table).</i>
Earnings on Investments	<i>Had not been originally budgeted as 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&amp;E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges. The first quarter amendment was for an estimated amount. The increase proposed for the second quarter amendment is based on the revised interest rates and cashflow forecast.</i>
Net Use (Source) of Reserves	<i>This amount represents the net amount of revenues less expenses. A negative amount represents an increase in reserves from current year activity rather than a use of reserves.</i>
<b>Expenditures</b>	
Water System Revenue Transfers Out (Earnings on Investments)	<i>Had not been originally budgeted as there is a corresponding transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&amp;E Fund is zero). Amendment is for revised estimated amount. This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance. Any variance between the two lines represents a timing difference.</i>
Capital Spending - Other	<i>No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.</i>



Quarterly Budget Amendment Report  
FY 2022 Ending December 31, 2021

<b>Appropriation Level – Improvement &amp; Extension Fund – Water System Budget Amendment Explanation</b>	
Capital Outlay	<i>The proposed budget amendment reflects the decrease in spending which is partially driven by the change in project start dates and project scope as well as a correction in the funding source (from water to sewer) for the Rialto warehouse upgrades.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>No budget amendment is required.</i>



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

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

Sewer Improvement & Extension Fund	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
<b>Revenues</b>					
Sewer System Transfers In from General Operating	\$ 34,616,900	\$ (275,000)	\$ (2,657,100)	\$ 31,684,800	\$ 16,749,300
Receipt of DWSD Shortfall Loan Interest	406,400	-	(261,500)	144,900	105,700
Earnings on Investments (b)	-	500,000	504,900	1,004,900	500,500
Net Use of Reserves (a)	28,487,800	18,182,800	4,299,400	50,970,000	-
<b>Total Revenues</b>	<b>\$ 63,511,100</b>	<b>\$ 18,407,800</b>	<b>\$ 1,885,700</b>	<b>\$ 83,804,600</b>	<b>\$ 17,355,500</b>
<b>Expenditures</b>					
Sewer System Revenue Transfers Out (b)	\$ -	\$ 500,000	\$ 504,900	\$ 1,004,900	\$ 455,700
Capital Spending - Other	-	722,200	-	722,200	2,806,800
Capital Outlay	15,965,100	-	1,380,800	17,345,900	2,350,300
Revenue Financed Capital - Operating Transfer to Construction Fund	47,546,000	17,185,600	-	64,731,600	26,950,000
<b>Total Expenditures</b>	<b>\$ 63,511,100</b>	<b>\$ 18,407,800</b>	<b>\$ 1,885,700</b>	<b>\$ 83,804,600</b>	<b>\$ 32,562,800</b>
<i>(a) Beginning Net Position</i>				<i>\$ 122,385,000</i>	
<i>Net Use of Reserves</i>				<i>(50,970,000)</i>	
<i>Projected Ending Net Position</i>				<i>\$ 71,415,000</i>	

(b) 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.



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Improvement &amp; Extension Fund – Sewer System Budget Amendment Explanations</b>	
<b>Revenues</b>	
Transfers In from General Operating	<i>The proposed budget amendment is to match the amount available for transfer from FY 2022 revenue requirement based upon general operating fund performance. (see I&amp;E Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Sewer System General Operating table).</i>
Receipt of DWSD Shortfall Loan Interest	<i>The proposed budget amendment adjusts the interest earnings on the Note Receivable for the FY 2018 DWSD Sewer System Shortfall to the payment schedule. This note is scheduled to be paid off by June 30, 2022.</i>
Earnings on Investments	<i>Had not been originally budgeted as 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&amp;E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges. The first quarter amendment was for an estimated amount. The increase proposed for the second quarter amendment is based on the revised interest rates and cashflow forecast.</i>
Net Use (Source) of Reserves	<i>This amount represents the net amount of revenues less expenditures. A negative amount represents an increase in reserves from current year activity rather than a use of reserves.</i>
<b>Expenditures</b>	
Sewer System Revenue Transfers Out (Earnings on Investments)	<i>Had not been originally budgeted as there is a corresponding transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&amp;E Fund is zero). Amendment is for revised estimated amount. This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance. Any variance between the two lines represents a timing difference.</i>



Quarterly Budget Amendment Report  
FY 2022 Ending December 31, 2021

<b>Appropriation Level – Improvement &amp; Extension Fund – Sewer System Budget Amendment Explanations</b>	
Capital Spending – Other	<i>No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.</i>
Capital Outlay	<i>The proposed budget amendment reflects the correction in the funding source (from water to sewer) for the Rialto warehouse upgrades.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>No budget amendment is required.</i>



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

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

Water Construction Fund	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
<b>Revenues</b>					
Transfer from Improvement & Extension Fund	\$ 108,308,000	\$ (2,038,600)	\$ -	\$ 106,269,400	\$ 56,654,100
Bond Proceeds	-	-	-	-	-
Bond Fund Earnings on Investments	-	-	-	-	-
Grant Revenues (SRF Loans)	26,100,000	10,427,000	-	36,527,000	15,861,600
Net Use of Reserves (a)	-	772,700	-	772,700	-
<b>Total Revenues</b>	\$ 134,408,000	\$ 9,161,100	\$ -	\$ 143,569,100	\$ 72,515,700
<b>Expenditures</b>					
Capital Improvement Plan (b)	\$ 179,210,000	\$ (567,400)	\$ -	\$ 178,642,600	\$ 83,084,300
Capital Spend Rate Adjustment	(44,802,000)	9,728,500	-	(35,073,500)	-
<b>Total Expenditures (b)</b>	\$ 134,408,000	\$ 9,161,100	\$ -	\$ 143,569,100	\$ 83,084,300
<i>(a) Beginning Net Position</i>				\$ 12,438,000	
<i>Net Use of Reserves</i>				(772,700)	
<i>Projected Ending Net Position</i>				<u>\$ 11,665,300</u>	
<i>(b) Plus Direct I&amp;E Projects</i>	-			567,400	
<i>Total CIP Expenditures</i>	134,408,000			144,136,500	
<i>Total Published Capital Improvement Plan</i>	179,210,000			179,210,000	
<i>Capital Spending Ratio</i>	75.0%			80.4%	



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Construction Fund – Water System Budget Amendment Explanations</b>	
<b>Revenues</b>	
Transfers from Improvement & Extension Fund	<i>No budget amendment is required.</i>
Bond Proceeds	<i>No budget amendment is required.</i>
Earnings on Investments	<i>No budget amendment is required.</i>
Grant Revenues (State Revolving Fund Loans)	<i>No budget amendment is required. State revolving fund loan disbursements are on a reimbursement basis. The amount and timing of funds fluctuates with project expenditures incurred. Details related to the SRF projects are presented in the quarterly debt report. The most recent quarterly debt report is presented in the March 2022 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Net Use (Source) of Reserves	<i>No budget amendment is required. This amount represents the net amount of revenues less expenditures. A “use of reserves” indicates a spend down of prior year reserves.</i>
<b>Expenditures</b>	
Capital Improvement Plan	<i>No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing. This amount is reflected on the ‘Capital Spending – Other’ line on the Water Improvement &amp; Extension Fund table.</i>





**Appropriation Level – Construction Fund – Water System Budget Amendment Explanations**

Capital Spend Rate  
 Assumption Adjustment

*No budget amendment is required. 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 Capital spend rate for the Water CIP was amended for the first quarter from 75.0% (projection at time of the FY 2022 budget adoption) to 80.4%. No further amendment is being propose for the second quarter. The most recent quarterly construction work-in-progress report is presented in the [October 2021 Audit Committee binder](#).*



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

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

Sewer Construction Fund	FY 2022 Board Adopted Budget	Total 1st Quarter FY 2022 Amendments	Total 2nd Quarter FY 2022 Amendments	FY 2022 Amended Budget	FY 2022 Activity Thru 12/31/2021
<b>Revenues</b>					
Transfer from Improvement & Extension Fund	\$ 47,546,000	\$ 17,185,600	\$ -	\$ 64,731,600	\$ 26,950,000
Bond Proceeds	-	-	-	-	-
Bond Fund Earnings on Investments	-	-	-	-	-
Grant Revenues (SRF Loans)	31,992,000	(17,843,000)	-	14,149,000	5,043,300
Net Use of Reserves (a)	-	2,008,200	1,100,000	3,108,200	-
<b>Total Revenues</b>	\$ 79,538,000	\$ 1,350,800	\$ 1,100,000	\$ 81,988,800	\$ 31,993,300
<b>Expenditures</b>					
Capital Improvement Plan (b)	\$ 106,050,000	\$ (722,200)	\$ -	\$ 105,327,800	\$ 29,250,700
Capital Spend Rate Adjustment	(26,512,000)	2,073,000	1,100,000	(23,339,000)	-
<b>Total Expenditures (b)</b>	\$ 79,538,000	\$ 1,350,800	\$ 1,100,000	\$ 81,988,800	\$ 29,250,700
<i>(a) Beginning Net Position</i>				\$ 11,473,000	
<i>Net Use of Reserves</i>				(3,108,200)	
<i>Projected Ending Net Position</i>				<u>\$ 8,364,800</u>	
<i>(b) Plus Direct I&amp;E Projects</i>	-			722,200	
<i>Total CIP Expenditures</i>	79,538,000			82,711,000	
<i>Total Published Capital Improvement Plan</i>	106,050,000			106,050,000	
<i>Capital Spending Ratio</i>	75.0%			78.0%	



Quarterly Budget Amendment Report  
 FY 2022 Ending December 31, 2021

<b>Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations</b>	
<b>Revenues</b>	
Transfers from Improvement & Extension Fund	<i>No budget amendment is required.</i>
Bond Proceeds	<i>No budget amendment is required.</i>
Earnings on Investments	<i>No budget amendment is required.</i>
Grant Revenues (State Revolving Fund Loans)	<i>No budget amendment is required. State revolving fund loan disbursements are on a reimbursement basis. The amount and timing of funds fluctuates with project expenditures incurred. Details related to the SRF projects are presented in the quarterly debt report. The most recent quarterly debt report is presented in the March 2022 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Net Use (Source) of Reserves	<i>This amount represents the net amount of revenues less expenditures. A “use of reserves” indicates a spend down of prior year reserves. The amount has been amended to reflect the anticipated increase in the Capital spend rate from 77.0% (first quarter budget amendment projection) to 78.0%.</i>
<b>Expenditures</b>	
Capital Improvement Plan	<i>No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing. This amount is reflected on the ‘Capital Spending – Other’ line on the Water Improvement &amp; Extension Fund table.</i>



**Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations**

Capital Spend Rate Adjustment

*The proposed budget amendment represents the increase in the projected Capital spend rate for the Water CIP from 77.0% (first quarter budget amendment projection) to 78.0%. 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 report is presented in the [October 2021 Audit Committee binder](#).*

## **ADDENDUM 1**

### *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. The FY 2022 second quarter budget amendments result in a net zero change to all categories: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.

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 key items is included in the table in Addendum 1.

Items greater than \$500,000 include the following (see Addendum 2 for a view of the operations & maintenance budget by expense category).

- Wastewater System Operations
  - Chemicals – Increase of \$1.5 million to adjust for increase in cost and estimated usage in FY 2022.
  - Contractual Services – Increase of \$0.9 million for usage demand of the facilities maintenance contract.
  - Supplies & Other – Suburban Only Green Infrastructure Allocation: Decrease of \$1.1 million per the review of GLWA’s obligations under the current permit.
  - Supplies & Other – Decrease of \$0.7 million based on the usage of the HVAC contract (usage varies from year to year and additional work being performed by GLWA team members).
- Administrative & Other Services
  - Contractual Services – Board of Directors: Increase of \$0.8 million for the amendment to a contract for the independent investigation into the rain events.

**ADDENDUM 1**

Supplemental Information  
Enterprise-wide Operations & Maintenance Department and Account Level Amendments

Departmental and Account Level Amendments	Total 2nd Quarter FY 2022 Amendments	Explanation of Key Items
<b>B Wastewater System Operations</b>	<b>0</b>	
<b>Baby Creek Combined Sewer Overflow</b>	<b>(12,500)</b>	
Chemicals	(12,500)	
<b>Belle Isle Combined Sewer Overflow</b>	<b>(21,100)</b>	
Chemicals	10,300	
Shared Services	(31,400)	
<b>Belle Isle Pumping Station</b>	<b>8,800</b>	
Shared Services	8,800	
<b>Blue Hill Pumping Station</b>	<b>(99,200)</b>	
Shared Services	(99,200)	
<b>Conner Creek Combined Sewer Overflow</b>	<b>254,900</b>	
Chemicals	254,900	
<b>Fischer Pumping Station</b>	<b>(300)</b>	
Shared Services	(300)	
<b>Hubble Southfield CSO</b>	<b>17,000</b>	
Chemicals	17,000	
<b>Leib Combined Sewer Overflow</b>	<b>29,200</b>	
Chemicals	29,200	
<b>Oakwood Combined Sewer Overflow</b>	<b>23,900</b>	
Chemicals	23,900	
<b>Suburban Only Green Infrastructure Allocation</b>	<b>(1,110,000)</b>	
Supplies & Other	(1,110,000)	Adjust budget due to review of obligations under the current permit
<b>Wastewater Dewatering Process</b>	<b>118,600</b>	
Chemicals	118,600	
<b>Wastewater Director</b>	<b>700,000</b>	
Contractual Services	890,000	Increased usage demand of the facilities maintenance contract
Supplies & Other	(190,000)	Deferral of facility renovations (determined not needed in FY 2022)
<b>Wastewater Laboratories</b>	<b>53,500</b>	
Chemicals	53,500	
<b>Wastewater Operations</b>	<b>(700,000)</b>	
Supplies & Other	(700,000)	Reduction in use of HVAC contract
<b>Wastewater Primary Process</b>	<b>467,200</b>	
Chemicals	467,200	
<b>Wastewater Process Control</b>	<b>(360,400)</b>	
Supplies & Other	(360,400)	Deferral due to SCADA system support contract renewal which is currently being negotiated
<b>Wastewater Secondary Process</b>	<b>508,300</b>	
Chemicals	508,300	
<b>Wastewater System Operations Unallocated Reserves</b>	<b>153,300</b>	
Unallocated Reserve	153,300	Offset to Wastewater Systems Operations budget adjustments
<b>Woodmere Pumping Station</b>	<b>(31,200)</b>	
Shared Services	(31,200)	
<b>C Centralized Services</b>	<b>0</b>	
<b>Capital Improvement Planning</b>	<b>61,700</b>	Transfer from Owners' Representative (Financial Services Area reorganization)
Personnel	61,700	
<b>Info Tech Enterprise Asset Mgmt Systems</b>	<b>0</b>	
Contractual Services	200,000	
Supplies & Other	(200,000)	
<b>Info Technology Service Delivery</b>	<b>0</b>	
Personnel	100	
Supplies & Other	(100)	
<b>Office of Emergency Preparedness</b>	<b>170,600</b>	Establish budget for new cost center (Offset Security and Integrity)
Contractual Services	37,500	
Personnel	130,600	
Supplies & Other	2,500	
<b>Office of the CIO</b>	<b>0</b>	
Contractual Services	(34,500)	
Supplies & Other	34,500	
<b>Security and Integrity</b>	<b>(170,600)</b>	Transfer budget to new cost center (Office of Emergency Preparedness)
Contractual Services	(76,300)	
Personnel	(94,300)	
<b>Centralized Services Unallocated Reserves</b>	<b>(61,700)</b>	
Unallocated Reserve	(61,700)	Offset to Centralized Services budget adjustments
<b>D Administrative &amp; Other Services</b>	<b>0</b>	
<b>Administrative Services Unallocated Reserves</b>	<b>(783,300)</b>	Primarily used to offset the amendment to the AECOM contract (See Board of Directors below)
Unallocated Reserve	(783,300)	
<b>Board of Directors</b>	<b>800,000</b>	
Contractual Services	800,000	Estimated FY 2022 portion of amendment to AECOM contract for the independent investigation into the June and July 2021 rain events (Offset Unallocated Reserves)
<b>Chief Administrative Officer</b>	<b>0</b>	
Contractual Services	(3,700)	
Supplies & Other	3,700	
<b>Financial Management &amp; Planning</b>	<b>54,000</b>	
Contractual Services	58,000	
Supplies & Other	(4,000)	

**ADDENDUM 1**

Supplemental Information  
Enterprise-wide Operations & Maintenance Department and Account Level Amendments

Departmental and Account Level Amendments	Total 2nd Quarter FY 2022 Amendments	Explanation of Key Items
<b>Financial Reporting &amp; Accounting</b>	<b>(130,700)</b>	
Contractual Services	(100,000)	
Supplies & Other	(30,700)	
<b>General Counsel</b>	<b>153,000</b>	
Contractual Services	153,300	
Supplies & Other	(300)	
<b>Logistics and Materials</b>	<b>266,100</b>	Adjust budget for the operation of the new Rialto warehouse
Contractual Services	118,000	
Personnel	6,000	
Supplies & Other	99,200	
Utilities	42,900	
<b>OD Talent Management</b>	<b>0</b>	
Contractual Services	(108,700)	
Personnel	70,700	
Supplies & Other	38,000	
<b>Owners' Representative</b>	<b>(437,400)</b>	Reorganization of the Owners' Representative cost center throughout various Financial Services groups (Offset Unallocated Reserves, Procurement Director, and Capital Improvement Planning)
Capital Program Allocation	14,400	
Contractual Services	(25,000)	
Personnel	(402,700)	
Supplies & Other	(24,100)	
<b>Procurement Director</b>	<b>78,300</b>	Transfer from Owners' Representative (Financial Services Area reorganization)
Capital Program Allocation	(14,400)	
Contractual Services	50,000	
Personnel	90,200	
Supplies & Other	(47,500)	
<b>Public Affairs</b>	<b>0</b>	
Personnel	45,000	
Supplies & Other	(45,000)	
<b>Grand Total</b>	<b>0</b>	

Totals may be off due to rounding



**ADDENDUM 2**

*Supplemental Information –*

*Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments*

The table in Addendum 2 summarizes the FY 2022 second quarter budget amendments for operations & maintenance by the major expense categories (account type). An explanation of key items is included in the table in Addendum 2.



**ADDENDUM 2**

Supplemental Information  
Enterprise-wide Operations & Maintenance  
Account Type and Department Level Amendments

Expense Categories and Departmental Level Amendments	Total 2nd Quarter FY 2022 Amendments	Explanation of Key Items
<b>Capital Program Allocation</b>	<b>0.00</b>	Reorganization of the Owners' Representative cost center
Owners' Representative	14,400.00	
Procurement Director	(14,400.00)	
<b>Chemicals</b>	<b>1,470,400.00</b>	Adjust for increase cost of chemicals and estimated usage in FY 2022
Baby Creek Combined Sewer Overflow	(12,500.00)	
Belle Isle Combined Sewer Overflow	10,300.00	
Conner Creek Combined Sewer Overflow	254,900.00	
Hubble Southfield CSO	17,000.00	
Leib Combined Sewer Overflow	29,200.00	
Oakwood Combined Sewer Overflow	23,900.00	
Wastewater Dewatering Process	118,600.00	
Wastewater Laboratories	53,500.00	
Wastewater Primary Process	467,200.00	
Wastewater Secondary Process	508,300.00	
<b>Contractual Services</b>	<b>1,958,600.00</b>	
Board of Directors	800,000.00	Estimated FY 2022 portion of amendment to AECOM contract for the independent investigation into the June and July 2021 rain events (Offset Unallocated Reserves)
Chief Administrative Officer	(3,700.00)	
Financial Management & Planning	58,000.00	
Financial Reporting & Accounting	(100,000.00)	
General Counsel	153,300.00	
Info Tech Enterprise Asset Mgmt Systems	200,000.00	
Logistics and Materials	118,000.00	
OD Talent Management	(108,700.00)	
Office of Emergency Preparedness	37,500.00	
Office of the CIO	(34,500.00)	
Owners' Representative	(25,000.00)	
Procurement Director	50,000.00	
Security and Integrity	(76,300.00)	
Wastewater Director	890,000.00	Increased usage demand of the facilities maintenance contract
<b>Personnel</b>	<b>(92,700.00)</b>	
Capital Improvement Planning	61,700.00	
Financial Management & Planning	0.00	
Info Technology Service Delivery	100.00	
Logistics and Materials	6,000.00	
OD Talent Management	70,700.00	
Office of Emergency Preparedness	130,600.00	Establish budget for new cost center (Offset Security and Integrity)
Owners' Representative	(402,700.00)	Reorganization of the Owners' Representative cost center to Capital Improvement Planning and Procurement
Procurement Director	90,200.00	
Public Affairs	45,000.00	
Security and Integrity	(94,300.00)	
<b>Shared Services</b>	<b>(153,300.00)</b>	To adjust OPS-008 (Systems Control Center, Detroit Only Pump Stations/CSO) for maintenance needs; Shared Services is a "contra" account which offsets items in the O&M budget that can be billed via a shared services agreement.
Belle Isle Combined Sewer Overflow	(31,400.00)	
Belle Isle Pumping Station	8,800.00	
Blue Hill Pumping Station	(99,200.00)	
Fischer Pumping Station	(300.00)	
Woodmere Pumping Station	(31,200.00)	
<b>Supplies &amp; Other</b>	<b>(2,534,200.00)</b>	
Chief Administrative Officer	3,700.00	
Chief Executive Officer	0.00	
Financial Management & Planning	(4,000.00)	
Financial Reporting & Accounting	(30,700.00)	
General Counsel	(300.00)	
HazMat	0.00	
Info Tech Business Productivity Systems	0.00	
Info Tech Enterprise Asset Mgmt Systems	(200,000.00)	
Info Technology Infrastructure	0.00	
Info Technology Service Delivery	(100.00)	
Logistics and Materials	99,200.00	
OD Talent Management	38,000.00	
Office of Emergency Preparedness	2,500.00	
Office of the CIO	34,500.00	
Owners' Representative	(24,100.00)	
Procurement Director	(47,500.00)	
Public Affairs	(45,000.00)	
Suburban Only Green Infrastructure Allocation	(1,110,000.00)	Adjust budget due to review of obligations under the current permit
Wastewater Director	(190,000.00)	
Wastewater Operations	(700,000.00)	Reduction in use of HVAC contract

**ADDENDUM 2**

Supplemental Information  
Enterprise-wide Operations & Maintenance  
Account Type and Department Level Amendments

Expense Categories and Departmental Level Amendments	Total 2nd Quarter FY 2022	
	Amendments	Explanation of Key Items
Wastewater Process Control	(360,400.00)	Deferral due to SCADA system support contract renewal which is currently being negotiated
<b>Unallocated Reserve</b>	<b>(691,700.00)</b>	
Administrative Services Unallocated Reserves	(783,300.00)	Primarily used to offset the amendment to the AECOM contract for the independent investigation into the June and July rain events.
Wastewater System Operations Unallocated Reserves	153,300.00	
Centralized Services Unallocated Reserves	(61,700.00)	
<b>Utilities</b>	<b>42,900.00</b>	
Logistics and Materials	42,900.00	
<b>Grand Total</b>	<b>0</b>	

*Totals may be off due to rounding*

**Great Lakes Water Authority**

**Resolution 2022 -117**

**Resolution Adopting the Budget Amendments through the Second Quarter of FY 2022**

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 Financial Officer; and

**WHEREAS** The GLWA Board adopted the FY 2022 budget on March 24, 2021, for the twelve-month fiscal year beginning July 1, 2021;

**WHEREAS** Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

<b>General Operating Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Revenues</b>				
Suburban Wholesale Customer Charges	\$ 321,110,900	\$ 318,710,900	\$ 272,130,000	\$ 266,730,000
Retail Service Charges	21,697,300	No Change	188,662,200	No Change
Industrial Waste Control Charges	-	-	9,024,800	8,324,800
Pollutant Surcharges	-	-	4,188,900	No Change
Investment Earnings	1,047,300	1,923,800	1,023,300	1,876,200
Other Revenues	175,000	291,000	400,000	490,000
<b>Total Revenues</b>	<b>\$ 344,030,500</b>	<b>\$ 342,623,000</b>	<b>\$ 475,429,200</b>	<b>\$ 470,272,100</b>
<b>Revenue Requirements</b>				
Operations & Maintenance Expense	\$ 143,933,800	No Change	\$ 181,299,800	No Change
General Retirement System Legacy Pension	6,048,000	No Change	10,824,000	No Change
Debt Service	135,481,000	135,121,000	207,209,500	204,984,500
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	1,705,500	No Change	2,358,300	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
DWSD Budget Shortfall Pending	-	No Change	-	No Change
Improvement & Extension Fund Transfer	28,093,900	27,046,400	34,616,900	31,684,800
<b>Total Revenue Requirements</b>	<b>\$ 344,030,500</b>	<b>\$ 342,623,000</b>	<b>\$ 475,429,200</b>	<b>\$ 470,272,100</b>

**WHEREAS** Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

<b>Debt Service Coverage Calculation</b>				
<b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Debt Service by Lien</b>				
Senior Lien Bonds	124,309,700	No Change	133,195,700	130,820,700
Second Lien Bonds	46,840,400	No Change	51,893,000	No Change
SRF Junior Lien Bonds	6,695,100	6,335,100	53,921,600	54,071,600
Total Debt Service	<u>\$ 177,845,200</u>	<u>\$ 177,485,200</u>	<u>\$ 239,010,300</u>	<u>\$ 236,785,300</u>

**WHEREAS** Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

<b>Improvement &amp; Extension Fund</b>				
<b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Revenues</b>				
Transfers In from General Operating	\$ 28,093,900	\$ 27,046,400	\$ 34,616,900	\$ 31,684,800
Receipt of DWSD Shortfall Loan	-	-	406,400	144,900
Earnings on Investments	-	1,329,000	-	1,004,900
Net Use of Reserves	97,220,700	93,766,200	28,487,800	50,970,000
Total Revenues	<u>\$ 125,314,600</u>	<u>\$ 122,141,600</u>	<u>\$ 63,511,100</u>	<u>\$ 83,804,600</u>
<b>Expenditures</b>				
Water/Sewer System Revenue Transfers Out	\$ -	\$ 1,329,000	\$ -	\$ 1,004,900
Capital Spending - Other	-	567,400	-	722,200
Capital Outlay	17,006,600	13,975,800	15,965,100	17,345,900
Revenue Financed Capital - Operating				
Transfer to Construction Fund	108,308,000	106,269,400	47,546,000	64,731,600
Total Expenditures	<u>\$ 125,314,600</u>	<u>\$ 122,141,600</u>	<u>\$ 63,511,100</u>	<u>\$ 83,804,600</u>

**WHEREAS** Following a review of the budget amendment report through the FY 2022 Second Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
<b>Revenues</b>				
Transfer from Improvement & Extension Fund	\$ 108,308,000	106,269,400	\$ 47,546,000	64,731,600
Bond Proceeds	-	No Change	-	No Change
Grant Revenues (SRF Loans)	26,100,000	36,527,000	31,992,000	14,149,000
Earnings on Investments	-	No Change	-	No Change
Net Use of Reserves	-	772,700	-	3,108,200
Total Revenues	<u>\$ 134,408,000</u>	<u>\$ 143,569,100</u>	<u>\$ 79,538,000</u>	<u>\$ 81,988,800</u>
<b>Expenditures</b>				
Project Expenditures	\$ 134,408,000	143,569,100	\$ 79,538,000	81,988,800
Total Expenditures	<u>\$ 134,408,000</u>	<u>\$ 143,569,100</u>	<u>\$ 79,538,000</u>	<u>\$ 81,988,800</u>
Capital Spending Ratio	75.0%	80.4%	75.0%	78.0%

**WHEREAS** The GLWA Audit Committee reviewed the budget amendments at its meetings on March 25, 2022; 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 2022 Second Quarter Budget Amendments; and be it finally

**RESOLVED** That the Interim 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.