



Financial Services Audit Committee Communication

Date: June 19, 2020

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: FY 2020 Wholesale Water Usage and Revenue Projections as of June 14, 2020

Background: During the course of FY 2020, GLWA has experienced a negative sales variance. This is believed to have been largely due to wet weather conditions in peak months in the first quarter of FY 2020 followed by an ongoing trend of reduced demand in non-peak months. Further, this analysis attempts to address the impact of the COVID-19 Pandemic on water demand. The purpose of this memo is to report the most current information to better understand the budget impact and need for corresponding budget amendments.

Justification: Prior to the governor's stay at home order related to the COVID-19 Pandemic in March 2020, GLWA's FY 2020 wholesale water usage was 5.4% below budget and revenues were 2.1% below budget (see **Table 1 - FY 2020 Budget Vs. Actual Wholesale Water Usage and Revenue** below) based on actual billed amounts. Since then, GLWA has shared the following analysis.

April 24, 2020 – Audit Committee Meeting: GLWA Financial Planning & Analysis Manager Lisa L Mancini prepared an April 22, 2020 memo entitled, *Operations & Maintenance Budget Impacts of COVID-19 FY 2020 Contingency & Continuity Resources* which identifies how projected water revenue shortfalls of approximately \$6.4 million, (2.1%) will be addressed within the current budget. This analysis was based on data available through April 21, 2020.

May 28, 2020 –One Water Partnership Meeting (copy attached): Projected FY 2020 wholesale water usage forecasted to be 5.5% below budget with related projected revenues to be approximately \$6.6 million (2.1%) below budget. This analysis was based on data available through May 21, 2020.

June 14, 2020 – Data for June 19, 2020 Audit Committee meeting: GLWA has continued to monitor wholesale water usage to project the potential impact to wholesale water revenues. **Table 1** below shows the projected FY 2020 usage and revenue through June 30, 2020, based on WAMR data through June 14, 2020. The key takeaways from this new information include the following.

- ✓ Usage for June 2020 is projected to be 6.6% above budgeted amounts.
- ✓ Revenue for June 2020 is projected to be \$1.0 million (3.5%) above budgeted amounts.
- ✓ Total usage for FY 2020 is projected to be 4.0% below budgeted amounts.
- ✓ Total revenue for FY 2020 is projected to be \$4.65 million (1.5%) below budgeted amounts.

Table 1- FY 2020 Budget vs. Actual Wholesale Water Usage and Revenue

Month	FY 2020 - Budget		FY 2020 - Actuals			FY 2020 - Variance				
	Variance		Volume	Revenue		Volume	Volume	Revenue	Revenue	
	Volume	Revenue								
	Mcf	\$								
July	1,777,138	32,544,400	1,545,631	30,356,570	(1)	(231,507)	-13.0%	(2,187,830)	-6.7%	(1)
August	1,549,587	30,383,100	1,554,426	30,501,606	(1)	4,839	0.3%	118,506	0.4%	(1)
September	1,368,496	28,270,400	1,257,111	27,278,750	(1)	(111,385)	-8.1%	(991,650)	-3.5%	(1)
October	1,066,653	25,351,200	1,026,086	25,007,145	(1)	(40,567)	-3.8%	(344,055)	-1.4%	(1)
November	917,034	24,049,100	905,016	23,933,012	(1)	(12,018)	-1.3%	(116,088)	-0.5%	(1)
December	1,004,420	24,714,000	983,589	24,535,948	(1)	(20,831)	-2.1%	(178,052)	-0.7%	(1)
January	1,018,192	24,861,000	945,874	24,246,312	(1)	(72,318)	-7.1%	(614,688)	-2.5%	(1)
February	893,007	23,780,800	878,794	23,689,167	(1)	(14,213)	-1.6%	(91,633)	-0.4%	(1)
March	1,008,766	24,753,300	971,559	24,450,300	(2)	(37,207)	-3.7%	(303,000)	-1.2%	(2)
April	948,751	24,262,000	884,232	23,797,762	(2)	(64,519)	-6.8%	(464,238)	-1.9%	(2)
May	1,073,966	25,549,300	1,017,100	25,070,600	(3)	(56,866)	-5.3%	(478,700)	-1.9%	(3)
June	1,383,200	28,595,300	1,474,700	29,596,400	(4)	91,500	6.6%	1,001,100	3.5%	(4)
Total	14,009,210	317,113,900	13,444,119	312,463,572		(565,091)	-4.0%	(4,650,328)	-1.5%	

Achievement of Budget Through December
 Achievement of Budget Through February
 Achievement of Budget Through March
 Achievement of Budget Through April
 Achievement of Budget Through May
 Achievement of Budget Through June

94.64% 97.76%
 94.81% 97.94%
 94.95% 98.03%
 94.81% 98.03%
 94.80% 98.04%
 95.75% 98.43%

(1) Actual, reported in Audit Committee Financial Report
 (2) Actual billed amounts, not reported
 (3) Projected, using May WAMR data through 5.31.2020
 (4) Projected, using June 2020 usage and revenue projections

Budget Impact: The projected negative revenue variance is expected to be offset by Operations & Maintenance expense savings identified in the April 22, 2020 Audit Committee memo.

Proposed Action: Receive and file this report.