



Quarterly Budget Amendment Report
FY 2020
Ending June 30, 2020

Date: June 24, 2020

To: Great Lakes Water Authority Audit Committee

From: Lisa L Mancini, Financial Planning & Analysis Manager

Re: FY 2020 Quarterly Budget Amendments through June 30, 2020 and Proposed Budget Amendment Resolution

Background: In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. If budget amendments are required at the appropriation level as defined by the corresponding fiscal year budget adoption resolution, the Audit Committee will review the proposed budget amendments and forward to the Board of Directors with a recommendation.

Analysis: The budget amendment report is organized in the following manner.

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

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

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

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

A budget amendment resolution reflecting the budget amendments is also attached.

Proposed Action: The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed budget resolution for the FY 2020 budget amendments.

Appropriation Level - Revenue Requirement – Water System General Operating

Water System	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Revenues								
Suburban Wholesale Customer Charges	\$ 309,284,500	\$ -	\$ -	\$ -	\$ (4,650,300)	\$ (4,650,300)	\$ 304,634,200	\$ 228,970,141
Retail Service Charges	21,295,500	-	-	-	-	-	21,295,500	15,971,600
Investment Earnings	9,084,200	-	-	-	(1,000,000)	(1,000,000)	8,084,200	5,469,400
Other Revenues	-	-	-	-	2,400	2,400	2,400	2,400
Total Revenues	\$ 339,664,200	\$ -	\$ -	\$ -	\$ (5,647,900)	\$ (5,647,900)	\$ 334,016,300	\$ 250,413,541
Revenue Requirements								
Operations & Maintenance Expense	\$ 131,490,500	\$ -	\$ -	\$ -	\$ (4,650,300)	\$ (4,650,300)	\$ 126,840,200	\$ 97,062,300
General Retirement System Legacy Pension	6,048,000	-	-	-	-	-	6,048,000	4,536,000
Debt Service	137,557,600	-	-	-	(1,558,800)	(1,558,800)	135,998,800	99,167,510
General Retirement System Accelerated Pension	6,268,300	-	-	-	-	-	6,268,300	4,701,222
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-	-	-
Water Residential Assistance Program Contribution	1,698,300	-	-	-	-	-	1,698,300	1,273,725
Lease Payment	22,500,000	-	-	-	-	-	22,500,000	16,875,000
Operating Reserve Deposit	3,976,000	-	-	-	-	-	3,976,000	2,982,000
DWSD Budget Shortfall Pending	-	-	-	-	1,230,400	1,230,400	1,230,400	922,800
Improvement & Extension Fund Transfer Pending	30,125,500	-	-	-	(669,200)	(669,200)	29,456,300	22,593,751
Total Revenue Requirements	\$ 339,664,200	\$ -	\$ -	\$ -	\$ (5,647,900)	\$ (5,647,900)	\$ 334,016,300	\$ 250,114,308

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>As reported in the monthly Audit Committee binders, a negative demand variance from a) summer 2019 weather conditions and b) ongoing trend of reduced demand in off-peak months existed throughout most of the fiscal year. Recent demand in June has narrowed the potential shortfall. At this time, an amendment is proposed for the revenue shortfall forecast of approximately \$4.6 million.</i>
Retail Services Charges	<i>No amendment is proposed.</i>
Investment Earnings	<i>Decrease in earnings due to market conditions since declaration of COVID-19 pandemic emergency.</i>
Other Revenues	<i>Amendment proposed based on activity to date. This source of revenue fluctuates from year to year.</i>
Revenue Requirements (Expenditures)	
Operations & Maintenance Expense	<i>Expenses were reduced to align with charge revenue reductions. Additional information related to the details of how this was accomplished is provided in this report.</i>
General Retirement System Legacy Pension	<i>Budget and funding are on a fixed schedule. No budget amendment is required.</i>
Debt Service	<i>Decrease largely due to May 2020 refunding transaction.</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>Budget and funding are on a fixed schedule. No budget amendment is required.</i>
Extraordinary Repair & Replacement	<i>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>Budget is fixed at time of budget adoption. No amendment is required.</i>

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Lease Payment	<i>Lease payment is established in accordance with terms of the lease. No amendments are required for FY 2020.</i>
Operating Reserve Deposit	<i>This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>
DWSD Budget Shortfall Pending	<i>Represents budget shortfall attributable to decline in collections since declaration of COVID-19 pandemic emergency. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30th of the subsequent year.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to investment earnings, debt service, and DWSD budget shortfall affect this line item.</i>

Appropriation Level - Revenue Requirement – Sewer System

Sewer System	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Revenues								
Suburban Wholesale Customer Charges	\$ 272,323,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,323,600	\$ 201,484,900
Retail Service Charges	185,807,300	-	-	-	-	-	185,807,300	139,355,500
Industrial Waste Control Charges	13,743,600	-	-	-	(5,910,000)	(5,910,000)	7,833,600	6,209,800
Pollutant Surcharges	-	-	-	-	5,910,000	5,910,000	5,910,000	4,683,100
Investment Earnings	8,730,800	-	-	-	(1,000,000)	(1,000,000)	7,730,800	6,345,400
Other Revenues	-	-	-	-	400,000	400,000	400,000	342,800
Total Revenues	\$ 480,605,300	\$ -	\$ -	\$ -	\$ (600,000)	\$ (600,000)	\$ 480,005,300	\$ 358,421,500
Revenue Requirements								
Operations & Maintenance Expense	\$ 187,057,200	\$ -	\$ -	\$ -	\$ (5,131,400)	\$ (5,131,400)	\$ 181,925,800	\$ 125,351,800
General Retirement System Legacy Pension	10,824,000	-	-	-	-	-	10,824,000	8,118,000
Debt Service	215,738,800	-	-	-	(1,048,100)	(1,048,100)	214,690,700	158,005,747
General Retirement System Accelerated Pension	11,620,700	-	-	-	-	-	11,620,700	8,715,528
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-	-	-
Water Residential Assistance Program Contribution	2,403,000	-	-	-	-	-	2,403,000	1,802,250
Lease Payment	27,500,000	-	-	-	-	-	27,500,000	20,625,003
Operating Reserve Deposit	-	-	-	-	-	-	-	-
DWSD Budget Shortfall Pending	-	-	-	-	10,243,500	10,243,500	10,243,500	4,715,488
Improvement & Extension Fund Transfer Pending	25,461,600	-	-	-	(4,664,000)	(4,664,000)	20,797,600	19,096,200
Total Revenue Requirements	\$ 480,605,300	\$ -	\$ -	\$ -	\$ (600,000)	\$ (600,000)	\$ 480,005,300	\$ 346,430,016

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>No amendment is proposed.</i>
Retail Services Charges	<i>No amendment is proposed.</i>
Industrial Waste Control Charges	<i>Previously this line included pollutant surcharges. The budget amendment is to reclassify those charges to a new line. The net budget impact is zero.</i>
Pollutant Surcharges	<i>See explanation for Industrial Waste Control Charges.</i>
Investment Earnings	<i>Decrease in earnings due to market conditions since declaration of COVID-19 pandemic emergency.</i>
Other Revenues	<i>Amendment proposed based on activity to date. This source of revenue fluctuates from year to year.</i>
Revenue Requirements (Expenditures)	
Operations & Maintenance Expense	<i>Enterprise-wide centralized services and administrative expenses were reduced to achieve corresponding revenue charge revenue reductions for the water system. Additional information related to the details of how this was accomplished is provided in this report.</i>
General Retirement System Legacy Pension	<i>Budget and funding are on a fixed schedule. No budget amendment is required.</i>
Debt Service	<i>Decrease largely due to forecast versus actual timing of state revolving fund loan draws, interest for a new money bond issue that was deferred, and an adjustment for a variable rate debt.</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>Budget and funding are on a fixed schedule. No budget amendment is required.</i>
Extraordinary Repair & Replacement	<i>This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Water Residential Assistance Program Contribution	<i>Budget is fixed at time of budget adoption. No amendment is required.</i>
Lease Payment	<i>Lease payment is established in accordance with terms of the lease. No amendments are required for FY 2020.</i>
Operating Reserve Deposit	<i>This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>
DWSD Budget Shortfall Pending	<i>Represents budget shortfall attributable to decline in collections since declaration of COVID-19 pandemic emergency. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30th of the subsequent year.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to investment earnings, debt service, and DWSD budget shortfall affect this line item.</i>

Supplemental Information – Operating Fund Level - Water System and Sewer System

System	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Water System Operations	\$ 131,490,500	\$ -	\$ -	\$ -	\$ (4,650,300)	\$ (4,650,300)	\$ 126,840,200	\$ 97,062,300
Wastewater System Operations	187,057,200	-	-	-	(5,131,400)	(5,131,400)	181,925,800	125,351,800
Total	\$ 318,547,700	\$ -	\$ -	\$ -	\$ (9,781,700)	\$ (9,781,700)	\$ 308,766,000	\$222,414,100

As shown in the table above, there are no budget amendments for transfers of resources between the water and sewer funds. It is unforeseen that such an amendment would occur as each system is accounted for as a stand-alone entity. The purpose of this table is to transparently report that funds from one system do not provide budget support to the other system.

Supplemental Information - Enterprise-wide Core Groups

O&M Major Budget Categories (Core Groups)	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
A Water System Operations	\$ 66,021,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,021,100	\$ 53,833,200
B Wastewater System Operations	115,985,300	-	-	-	-	-	115,985,300	78,818,800
C Centralized Services	106,913,500	-	-	-	(9,181,700)	(9,181,700)	97,731,800	68,984,600
D Administrative & Other Services	29,627,800	-	-	-	(600,000)	(600,000)	29,027,800	20,777,500
Total	\$ 318,547,700	\$ -	\$ -	\$ -	\$ (9,781,700)	\$ (9,781,700)	\$ 308,766,000	\$222,414,100

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 entire FY 2020, there are no amendments that cross the core groups. For more activity within these groups, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.

Supplemental Information - Enterprise-wide Operations & Maintenance Account Type

O&M Expense Categories (Account Type)	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Personnel Costs	\$ 105,090,700	\$ -	\$ (698,125)	\$ -	\$ (2,889,253)	\$ (3,587,378)	\$ 101,503,322	\$ 78,371,900
Utilities	51,333,700	-	(993,000)	-	190,390	(802,610)	\$ 50,531,090	38,412,900
Chemicals	13,898,600	-	-	-	120,000	120,000	\$ 14,018,600	10,529,100
Supplies & Other	36,392,000	-	871,020	-	(3,139,170)	(2,268,150)	\$ 34,123,850	24,075,400
Contractual Services	115,306,800	-	(8,294,895)	-	(3,036,920)	(11,331,815)	\$ 103,974,985	77,428,000
Capital Program Allocation	(5,414,300)	-	1,898,900	-	393,900	2,292,800	\$ (3,121,500)	(2,394,900)
Shared Services	(5,025,100)	-	(64,250)	-	94,000	29,750	\$ (4,995,350)	(4,008,300)
Unallocated Reserve	6,965,300	-	7,280,350	-	(1,514,647)	5,765,703	\$ 12,731,003	-
Total	\$ 318,547,700	\$ -	\$ -	\$ -	\$ (9,781,700)	\$ (9,781,700)	\$ 308,766,000	\$222,414,100

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

For additional detail and the explanation of the larger changes to the FY 2020 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)*.

Supplemental Information - Unallocated Reserve by Core Group

O&M Unallocated Reserves	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget
Water System Operations	\$ 2,697,200	\$ -	\$ (2,226,300)	\$ -	\$ (451,800)	\$ (2,678,100)	\$ 19,100
Wastewater System Operations	3,264,851	-	3,000,000	-	4,755,128	7,755,128	11,019,979
Centralized Services	652,983	-	6,726,650	-	(6,363,000)	363,650	1,016,633
Administrative & Other Services	350,212	-	(220,000)	-	545,025	325,025	675,237
Total	\$ 6,965,246	\$ -	\$ 7,280,350	\$ -	\$ (1,514,647)	\$ 5,765,703	\$ 12,730,949

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.

As we look toward the FY 2020 fiscal year-end, of the four core groups, the budget for Water System Operations is the closest to actual. This group is being monitored closely. In running the activity report through June 21, 2020, the daily average *actual* expense is \$177,000 while the daily average *budgeted* expense is \$180,000.

For additional information on the FY 2020 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.

Appropriation Level – Improvement & Extension Fund – Water System

Water Improvement & Extension Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Revenues								
Water System Revenue Transfers In	\$ 30,125,500	\$ -	\$ -	\$ -	\$ (669,200)	\$ (669,200)	\$ 29,456,300	\$ 22,593,800
Earnings on Investments	-	-	-	-	4,500,000	4,500,000	4,500,000	3,212,700
Net Use of Reserves	24,999,800	-	-	-	(48,267,109)	(48,267,109)	(23,267,309)	-
Total Revenues	\$ 55,125,300	\$ -	\$ -	\$ -	\$ (44,436,309)	\$ (44,436,309)	\$ 10,688,991	\$ 25,806,500
Expenditures								
Water System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 3,912,100
Capital Improvement Plan-I&E Funded	-	-	1,173,179	-	-	1,173,179	1,173,179	1,994,800
Capital Outlay	10,125,300	-	(1,173,179)	-	(3,936,309)	(5,109,488)	5,015,812	3,896,100
Revenue Financed Capital - Operating Transfer to Construction Fund	45,000,000	-	-	-	(45,000,000)	(45,000,000)	-	-
Total Expenditures	\$ 55,125,300	\$ -	\$ -	\$ -	\$ (44,436,309)	\$ (44,436,309)	\$ 10,688,991	\$ 9,803,000

Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation

Revenues

Water System Revenue Transfers In	<i>To match the amount available for transfer from FY 2020 revenue requirement based upon general operating fund performance.</i>
Earnings on Investments	<i>Has not been budgeted as there is a corresponding transfer of earnings back to 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. Amendment is for estimated amount.</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>

Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation	
<i>Expenditures</i>	
Water System Revenue Transfers Out (Earnings on Investments)	<i>Has not been budgeted as there is a corresponding transfer of earnings back to general operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&E Fund is zero). Amendment is for estimated amount. Amount offsets Earnings on Investments. Any variance between the two line items represents a timing difference.</i>
Capital Improvement Plan Projects – I&E Funded	<i>Represents projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.</i>
Capital Outlay	<i>Overall decrease in spending than planned. Partially driven by shift in organizational priorities as a result of the COVID-19 pandemic.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>Original budget presumed a certain level of capital spending which did not occur. No transfer therefor necessary as sufficient bond funds exist and should be utilized first.</i>

Appropriation Level - Improvement & Extension Fund – Sewer System

Sewer Improvement & Extension Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Revenues								
Sewer System Revenue Transfers In	\$ 25,461,600	\$ -	\$ -	\$ -	\$ (4,664,000)	\$ (4,664,000)	\$ 20,797,600	\$ 33,227,500
Earnings on Investments	-	-	-	-	1,800,000	1,800,000	1,800,000	1,391,000
Net Use of Reserves	(5,339,400)	-	-	-	(3,656,809)	(3,656,809)	(8,996,209)	-
Total Revenues	\$ 20,122,200	\$ -	\$ -	\$ -	\$ (6,520,809)	\$ (6,520,809)	\$ 13,601,391	\$ 34,618,500
Expenditures								
Sewer System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,461,000
Capital Outlay	20,122,200	-	-	-	(8,320,809)	(8,320,809)	11,801,391	\$ 4,381,900
Revenue Financed Capital	-	-	-	-	-	-	-	-
Total Expenditures	\$ 20,122,200	\$ -	\$ -	\$ -	\$ (6,520,809)	\$ (6,520,809)	\$ 13,601,391	\$ 5,842,900

Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations

Revenues

Sewer System Revenue Transfers In	<i>To match the amount available for transfer from FY 2020 revenue requirement based upon general operating fund performance.</i>
Earnings on Investments	<i>Has not been budgeted as there is a corresponding transfer of earnings back to 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. Amendment is for estimated amount.</i>
Net Use of Revenues	<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>

Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations	
<i>Expenditures</i>	
Water System Revenue Transfers Out (Earnings on Investments)	<i>Has not been budgeted as there is a corresponding transfer of earnings back to general operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&E Fund is zero). Amendment is for estimated amount. Amount offsets Earnings on Investments. Any variance between the two line items represents a timing difference.</i>
Capital Outlay	<i>Overall decrease in spending than planned. Partially driven by shift in organizational priorities as a result of the COVID-19 pandemic.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>No such transfer needed this year based upon level of binds funds available for capital improvement plan expenditures.</i>

Appropriation Level – Construction Bond Fund – Water System

Water Construction Bond Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Revenues								
Transfer from Improvement & Extension	\$ 45,000,000	\$ -	\$ -	\$ -	\$ (45,000,000)	\$ (45,000,000)	\$ -	\$ -
Bond Proceeds	-	-	-	-	-	-	-	-
Grant Revenues (SRF Loans)	5,531,000	-	-	-	7,367,300	7,367,300	12,898,300	6,498,500
Earnings on Investments	1,487,700	-	-	-	-	-	1,487,700	1,100,900
Net Use of Reserves	55,416,600	(15,488,144)	(12,948,106)	(4,131,668)	37,632,700	5,064,782	60,481,382	-
Total Revenues	\$ 107,435,300	\$ (15,488,144)	\$ (12,948,106)	\$ (4,131,668)	\$ -	\$ (32,567,918)	\$ 74,867,382	\$ 7,599,400
Capital Improvement Plan	\$ 143,247,000	\$ (15,488,144)	\$ (61,010)	\$ (4,131,668)	\$ -	\$ (19,680,822)	\$ 123,566,178	\$ 46,600,900
Capital Spend Rate Adjustment	(35,811,700)	-	(12,887,096)	-	-	(12,887,096)	(48,698,796)	-
Total Expenditures	\$ 107,435,300	\$ (15,488,144)	\$ (12,948,106)	\$ (4,131,668)	\$ -	\$ (32,567,918)	\$ 74,867,382	\$ 46,600,900

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

Revenues	
Transfers from Improvement & Extension Fund	<i>The financial plan focuses on spending bond proceeds first for the capital improvement plan (CIP) then I&E funds. The initial budget for FY 2020 anticipated a higher level of CIP spend than what has occurred. Sufficient bond funds remain to pay for the actual expenditures; therefore no transfer will be needed for FY 2020.</i>
Bond Proceeds	<i>There were no water system bond proceeds for FY 2020.</i>
Grant Revenues (State Revolving Fund Loans)	<i>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 May 2020 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Earnings on Investments	<i>No amendment needed at this time.</i>

Appropriation Level – Construction Bond Fund – Water System Budget Amendment Explanations	
Net Use of Revenues	<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 eliminated need for I&E funds for FY 2020 (sufficient bond funds are available based upon a revised spend rate).</i>
Expenditures	
Capital Improvement Plan	<i>After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of “Capital Reserve” budget amendments.</i>
Capital Spend Rate Assumption Adjustment	<i>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 June 2020 Audit Committee binder.</i>

Appropriation Level – Construction Bond Fund – Sewer System

Sewer Construction Bond Fund	FY 2020 Board Adopted Budget	1st Quarter FY 2020 Amendments	2nd Quarter FY 2020 Amendments	3rd Quarter FY 2020 Amendments	4th Quarter FY 2020 Amendments	Net Adjustment	FY 2020 Amended Budget	FY 2020 Activity Thru 3/31/2020
Revenues								
Transfer from Improvement & Extension	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	78,960,000	-	-	-	(78,960,000)	(78,960,000)	-	-
Grant Revenues (SRF Loans)	29,342,000	-	-	-	11,163,000	11,163,000	40,505,000	20,387,400
Earnings on Investments	41,100	-	-	-	1,158,900	1,158,900	1,200,000	995,400
Net Use of Reserves	12,766,900	1,558,000	(49,698,000)	300,000	66,638,100	18,798,100	31,565,000	-
Total Revenues	\$ 121,110,000	\$ 1,558,000	\$ (49,698,000)	\$ 300,000	\$ -	\$ (47,840,000)	\$ 73,270,000	\$ 21,382,800
Capital Improvement Plan	\$ 161,479,900	\$ 1,558,000	\$ (6,453,995)	\$ 300,000	\$ -	\$ (4,595,995)	\$ 156,883,905	\$ 53,469,600
Capital Spend Rate Adjustment	(40,369,900)	-	(43,244,005)	-	-	(43,244,005)	(83,613,905)	-
Total Expenditures	\$ 121,110,000	\$ 1,558,000	\$ (49,698,000)	\$ 300,000	\$ -	\$ (47,840,000)	\$ 73,270,000	\$ 53,469,600

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

Revenues	
Transfers from Improvement & Extension Fund	<i>The financial plan focuses on spending bond proceeds first for the capital improvement plan (CIP) then I&E funds. Sufficient bond funds remain to pay for the actual expenditures; therefore no transfer will be needed for FY 2020.</i>
Bond Proceeds	<i>Based upon a) reduction in forecasted capital improvement program spend and b) increased availability of lower cost state revolving fund loans, the need for new bond proceeds for FY 2020 was eliminated.</i>
Grant Revenues (State Revolving Fund Loans)	<i>GLWA was able to utilize more of lower cost state revolving fund loans rather than requiring a new money bond transaction. The most recent quarterly debt report is presented in the May 2020 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Earnings on Investments	<i>Amount increased based upon higher investable balances available.</i>

Appropriation Level – Construction Bond Fund – Sewer System Budget Amendment Explanations	
Net Use of Revenues	<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 eliminated need for bond funds for FY 2020 (sufficient bond funds are available based upon a revised spend rate).</i>
Expenditures	
Capital Improvement Plan	<i>After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of “Capital Reserve” budget amendments.</i>
Capital Spend Rate Adjustment	<i>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 June 2020 Audit Committee binder.</i>