



Financial Services Audit Committee Communication

Date: June 21, 2021

To: Great Lakes Water Authority Audit Committee

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

Re: FY 2021 Fourth Quarter Budget Amendments through June 30, 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 fourth quarter budget amendments include the following.

- A. There is a net increase to the Water System revenues of \$3.9 million. This is a combination of a \$6.9 million increase in revenues from water demand usage in April, May, and the first half of June offset by a \$3.0 million allowance for bad debt expense related to one wholesale member partner.
- B. Entity-wide, operations and maintenance expense of \$235.1 million through April 30, 2021 is 74% of the proposed amended total of \$316.4 million. The variance from a pro-rata benchmark of 83% allows for the expected trend of relatively higher fourth quarter expenses due to the seasonality of certain expenses and some year-end accruals at actual versus estimate.
- C. The Capital Spending Ratio for the sewer capital improvement plan has increased from 75.0% to 78.6% which equates to \$3.9 million. The Capital Spending Ratio for the water capital improvement plan decreased slightly from 92.0% to 91.4% which equates to a decrease of \$458,700.

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 – Improvement & Extension Fund – Water and Sewer Systems

- A. Water System Improvement & Extension Fund*
- B. Sewer System Improvement & Extension Fund*

3. 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 fourth quarter FY 2021 budget amendments.



Quarterly Budget Amendment Report FY 2021 Ending June 30, 2021

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

Water System	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Revenues							
Suburban Wholesale Customer Charges	\$ 314,252,200	\$ (1,118,600)	\$ -	\$ -	\$ 3,900,000	\$ 317,033,600	\$ 262,033,400
Retail Service Charges	22,555,400	(629,900)	-	-	-	21,925,500	18,402,500
Investment Earnings	4,834,400	(3,564,800)	2,686,100	-	-	3,955,700	3,740,300
Other Revenues	-	-	229,000	-	-	229,000	228,200
Total Revenues	\$ 341,642,000	\$ (5,313,300)	\$ 2,915,100	\$ -	\$ 3,900,000	\$ 343,143,800	\$ 284,404,400
Revenue Requirements							
Operations & Maintenance Expense	\$ 137,127,300	\$ (3,000,000)	\$ -	\$ -	\$ -	\$ 134,127,300	\$ 100,752,900
General Retirement System Legacy Pension	6,048,000	-	-	-	-	6,048,000	5,040,000
Debt Service	143,189,900	(5,753,900)	-	-	-	137,436,000	116,139,300
General Retirement System Accelerated Pension	6,268,300	-	-	-	-	6,268,300	5,223,600
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-	-
Water Residential Assistance Program Contribution	1,669,400	-	-	-	-	1,669,400	1,391,200
Lease Payment	22,500,000	-	-	-	-	22,500,000	18,750,000
Operating Reserve Deposit	876,600	(876,600)	-	-	-	-	-
DWSD Budget Shortfall/(Surplus) Pending	-	-	-	-	-	-	2,166,500
Improvement & Extension Fund Transfer Pending	23,962,500	4,317,200	2,915,100	-	3,900,000	35,094,800	25,315,500
Total Revenue Requirements	\$ 341,642,000	\$ (5,313,300)	\$ 2,915,100	\$ -	\$ 3,900,000	\$ 343,143,800	\$ 274,779,000
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,625,400

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>The increase to this category is due to the increase in water demand usage during April, May, and the first half of June as well as forecasted usage through the end of June 2021. A portion of this \$6.9 million increase has been offset by a \$3.0 million allowance for bad debt expense for Dearborn.</i>
Retail Services Charges	<i>No budget amendment is required.</i>
Investment Earnings	<i>No budget amendment is required.</i>
Other Revenues	<i>No budget amendment is required.</i>
Revenue Requirements (Expenditures)	
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	<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>
Lease Payment	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
Operating Reserve Deposit	<i>Based on further review and analysis, this operating reserve is no longer required.</i>



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Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time. 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. 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 2021 Ending June 30, 2021

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

Sewer System	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Revenues							
Suburban Wholesale Customer Charges	\$ 277,011,800	\$ (2,958,300)	\$ -	\$ -	\$ (1,600,000)	\$ 272,453,500	\$ 225,120,000
Retail Service Charges	190,112,100	(2,152,400)	-	-	-	187,959,700	157,081,500
Industrial Waste Control Charges	8,775,400	(92,100)	-	(998,600)	-	7,684,700	6,656,000
Pollutant Surcharges	5,262,800	(55,200)	-	900,000	-	6,107,600	5,268,200
Investment Earnings	5,589,200	(4,602,300)	1,791,200	-	-	2,778,100	2,455,800
Other Revenues	-	-	574,000	(160,000)	1,781,300	2,195,300	387,500
Total Revenues	\$ 486,751,300	\$ (9,860,300)	\$ 2,365,200	\$ (258,600)	\$ 181,300	\$ 479,178,900	\$ 396,969,000
Revenue Requirements							
Operations & Maintenance Expense	\$ 184,946,100	\$ (2,650,100)	\$ -	\$ -	\$ -	\$ 182,296,000	\$ 134,382,300
General Retirement System Legacy Pension	10,824,000	-	-	-	-	10,824,000	9,020,000
Debt Service	209,739,900	(7,959,500)	-	-	-	201,780,400	170,269,600
General Retirement System Accelerated Pension	11,620,700	-	-	-	-	11,620,700	9,683,900
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-	-
Water Residential Assistance Program Contribution	2,415,100	-	-	-	-	2,415,100	2,012,600
Lease Payment	27,500,000	-	-	-	-	27,500,000	22,916,600
Operating Reserve Deposit	-	-	-	-	-	-	-
DWSD Budget Shortfall/(Surplus) Pending	-	-	-	-	-	-	7,694,900
Improvement & Extension Fund Transfer Pending	39,705,500	749,300	2,365,200	(258,600)	181,300	42,742,700	35,048,200
Total Revenue Requirements	\$ 486,751,300	\$ (9,860,300)	\$ 2,365,200	\$ (258,600)	\$ 181,300	\$ 479,178,900	\$ 391,028,100
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,940,900



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FY 2021 Ending June 30, 2021

Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation	
Revenues	
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>No budget amendment is required.</i>
Pollutant Surcharges	<i>No budget amendment is required.</i>
Investment Earnings	<i>No budget amendment is required.</i>
Other Revenues	<i>The primary increase to this category is the receipt of the insurance proceeds for the wastewater fire damage claim (\$1.7 million). A minor adjustment was made to the revenues from dump token receipts and energy rebates.</i>
Revenue Requirements (Expenditures)	
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	<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>
Lease Payment	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
Operating Reserve Deposit	<i>Based on further review and analysis, this operating reserve is no longer required.</i>



Quarterly Budget Amendment Report
FY 2021 Ending June 30, 2021

Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation	
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time. 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. 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 2021 Ending June 30, 2021

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

System	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Water System Operations	\$ 137,127,300	\$ (3,000,000)	\$ -	\$ -	\$ -	\$ 134,127,300	\$ 100,752,900
Wastewater System Operations	184,946,100	(2,650,100)	-	-	-	182,296,000	134,382,300
Total	\$ 322,073,400	\$ (5,650,100)	\$ -	\$ -	\$ -	\$ 316,423,300	\$235,135,200

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.



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

O&M Major Budget Categories (Core Groups)	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
A Water System Operations	\$ 71,966,400	\$ (1,146,600)	\$ -	\$ -	\$ -	\$ 70,819,800	\$ 55,094,000
B Wastewater System Operations	115,676,400	(701,300)	-	-	-	114,975,100	85,659,900
C Centralized Services	102,721,300	(2,382,900)	-	-	-	100,338,400	71,941,800
D Administrative & Other Services	31,709,300	(1,419,200)	-	-	-	30,290,100	22,439,500
Total	\$ 322,073,400	\$ (5,650,000)	\$ -	\$ -	\$ -	\$ 316,423,400	\$235,135,200

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 fourth quarter FY 2021, 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)*.



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

O&M Expense Categories (Account Type)	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Personnel Costs	\$ 110,333,100	\$ (1,527,100)	\$ (123,800)	\$ (265,900)	\$ 2,683,000	\$ 111,099,300	\$ 89,786,400
Utilities	51,937,000	-	-	-	445,600	52,382,600	42,879,200
Chemicals	13,419,800	-	-	-	942,400	14,362,200	11,626,300
Supplies & Other	38,620,800	400,000	(1,521,300)	(229,700)	(1,675,000)	35,594,800	23,165,100
Contractual Services	106,154,600	(1,372,200)	2,005,000	(572,600)	(6,237,700)	99,977,100	74,043,400
Capital Program Allocation	(3,447,700)	-	127,500	(8,500)	(117,900)	(3,446,600)	(2,575,000)
Shared Services	(3,412,900)	-	(1,117,100)	18,000	-	(4,512,000)	(3,790,200)
Unallocated Reserve	8,468,700	(3,150,800)	629,700	1,058,700	3,959,600	10,965,900	-
Total	\$ 322,073,400	\$ (5,650,100)	\$ -	\$ -	\$ -	\$ 316,423,300	\$235,135,200

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 2021 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)*.

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

O&M Unallocated Reserves	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget
Water System Operations	\$ 1,729,300	\$ (436,900)	\$ -	\$ -	\$ (920,300)	\$ 372,100
Wastewater System Operations	4,603,900	(1,701,300)	(584,000)	-	4,905,900	7,224,500
Centralized Services	1,637,200	(642,900)	1,089,600	8,500	441,600	2,534,000
Administrative & Other Services	498,300	(369,700)	124,100	1,050,200	(467,600)	835,300
Total	\$ 8,468,700	\$ (3,150,800)	\$ 629,700	\$ 1,058,700	\$ 3,959,600	\$ 10,965,900

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 2021 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.

Table 2A - Appropriation Level – Improvement & Extension Fund – Water System

Water Improvement & Extension Fund	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Revenues							
Transfers In from General Operating	\$ 23,962,500	\$ 4,317,200	\$ 2,915,100	\$ -	\$ 3,900,000	\$ 35,094,800	\$ 25,315,500
Earnings on Investments (b)	-	-	3,048,400	-	-	3,048,400	3,166,100
Net Use of Reserves (a)	68,929,500	(4,317,200)	(937,100)	30,022,000	(3,232,900)	90,464,300	-
Total Revenues	\$ 92,892,000	\$ -	\$ 5,026,400	\$ 30,022,000	\$ 667,100	\$ 128,607,500	\$ 28,481,600
Expenditures							
Water System Revenue Transfers Out (b)	\$ -	\$ -	\$ 3,048,400	\$ -	\$ -	\$ 3,048,400	\$ 3,290,700
Capital Spending - Other	-	-	-	4,977,600	(54,800)	4,922,800	4,293,300
Capital Outlay	17,892,000	-	-	(8,000,000)	667,100	10,559,100	8,037,500
Revenue Financed Capital - Operating Transfer to Construction Fund	75,000,000	-	1,978,000	33,044,400	54,800	110,077,200	48,408,900
Total Expenditures	\$ 92,892,000	\$ -	\$ 5,026,400	\$ 30,022,000	\$ 667,100	\$ 128,607,500	\$ 64,030,400
<i>(a) Beginning Net Position</i>						\$ 288,752,600	
<i>Net Use of Reserves</i>						\$ (90,464,300)	
<i>Projected Ending Net Position</i>						\$ 198,288,300	

(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.

Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation	
Revenues	
Transfers In from General Operating	<i>The proposed budget amendment is to match the amount available for transfer from the FY 2021 revenue requirement based upon general operating fund performance. (see I&E Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Water System General Operating table).</i>
Earnings on Investments	<i>No budget amendment is required. Earnings on Investments is budgeted at zero 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.</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>
Expenditures	
Water System Revenue Transfers Out (Earnings on Investments)	<i>No budget amendment is required. 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>The proposed budget amendment 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 increase in spending of capital outlay.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>The proposed budget amendment reflects the change in funding that is anticipated to be needed based on the adjustment to the projects in the CIP that do not meet the criteria for debt financing (will be funded out of I&E instead of Construction funds – see ‘Capital Spending – Other’ above).</i>

Table 2B - Appropriation Level - Improvement & Extension Fund – Sewer System

Sewer Improvement & Extension Fund	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Revenues							
Transfers In from General Operating	\$ 39,705,500	\$ 749,300	\$ 2,365,200	\$ (258,600)	\$ 181,300	\$ 42,742,700	\$ 35,048,200
Receipt of DWSD Shortfall Loan	19,288,300	-	-	-	-	19,288,300	15,701,400
Earnings on Investments (b)	-	-	1,401,300	-	-	1,401,300	1,313,100
Net Use of Reserves (a)	3,987,300	(749,300)	(343,600)	(4,513,000)	289,800	(1,328,800)	-
Total Revenues	\$ 62,981,100	\$ -	\$ 3,422,900	\$ (4,771,600)	\$ 471,100	\$ 62,103,500	\$ 52,062,700
Expenditures							
Sewer System Revenue Transfers Out (b)	\$ -	\$ -	\$ 1,401,300	\$ -	\$ -	\$ 1,401,300	\$ 1,288,100
Capital Spending - Other	-	-	-	1,020,800	1,439,900	2,460,700	3,164,500
Capital Outlay	20,481,100	-	-	(2,750,000)	(3,460,800)	14,270,300	\$ 6,542,100
Revenue Financed Capital - Operating Transfer to Construction Fund	42,500,000	-	2,021,600	(3,042,400)	2,492,000	43,971,200	22,715,000
Total Expenditures	\$ 62,981,100	\$ -	\$ 3,422,900	\$ (4,771,600)	\$ 471,100	\$ 62,103,500	\$ 33,709,700
<i>(a) Beginning Net Position (excludes Shortfall Loan Principal)</i>						\$ 135,520,700	
<i>Net Use of Reserves</i>						1,328,800	
<i>Projected Ending Net Position</i>						\$ 136,849,500	

(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.

Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations	
Revenues	
Transfers In from General Operating	<i>The proposed budget amendment is to match the amount available for transfer from FY 2021 revenue requirement based upon general operating fund performance. (see I&E Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Sewer System General Operating table).</i>
Earnings on Investments	<i>No budget amendment is required. Earnings on Investments is budgeted at zero 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.</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>
Expenditures	
Sewer System Revenue Transfers Out (Earnings on Investments)	<i>No budget amendment is required. 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>The proposed budget amendment 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 decrease in spending which is partially driven by the shift in organizational priorities resulting from the COVID-19 pandemic.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>The proposed budget amendment reflects the additional funding that is anticipated to be needed based on a) the increase in the Capital spend rate, and b) the adjustment to the projects in the CIP that do not meet the criteria for debt financing (will be funded out of I&E instead of Construction funds – see ‘Capital Spending – Other’ above).</i>



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Table 3A - Appropriation Level – Construction Fund – Water System

Water Construction Fund	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Revenues							
Transfer from Improvement & Extension Fund	\$ 75,000,000	\$ -	\$ 1,978,000	\$ 33,044,400	\$ 54,800	\$ 110,077,200	\$ 48,408,900
Bond Proceeds	-	-	-	-	-	-	-
Grant Revenues (SRF Loans)	12,365,800	-	-	-	-	12,365,800	16,666,500
Earnings on Investments	820,400	(639,900)	(153,700)	-	-	26,800	19,100
Net Use of Reserves (a)	22,486,800	639,900	153,700	(15,307,100)	(458,700)	7,514,600	-
Total Revenues	\$ 110,673,000	\$ -	\$ 1,978,000	\$ 17,737,300	\$ (403,900)	\$ 129,984,400	\$ 65,094,500
Expenditures							
Capital Improvement Plan (b)	\$ 147,564,000	\$ -	\$ -	\$ (4,977,600)	\$ 54,800	\$ 142,641,200	\$ 102,896,900
Capital Spend Rate Adjustment	(36,891,000)	-	1,978,000	22,714,900	(458,700)	(12,656,800)	-
Total Expenditures (b)	\$ 110,673,000	\$ -	\$ 1,978,000	\$ 17,737,300	\$ (403,900)	\$ 129,984,400	\$ 102,896,900
<i>(a) Beginning Net Position</i>						\$ 20,806,300	
<i>Net Use of Reserves</i>						(7,514,600)	
<i>Projected Ending Net Position</i>						<u>\$ 13,291,700</u>	
<i>(b) Plus Direct I&E Projects</i>	-					4,922,800	
<i>Total CIP Expenditures</i>	<u>110,673,000</u>					<u>134,907,200</u>	
<i>Total Published Capital Improvement Plan</i>	<u>147,564,000</u>					<u>147,564,000</u>	
<i>Capital Spending Ratio</i>	<u>75.0%</u>					<u>91.4%</u>	

Appropriation Level – Construction Fund – Water System Budget Amendment Explanations	
Revenues	
Transfers from Improvement & Extension Fund	<i>The proposed budget amendment is to match the amount available for transfer from the FY 2021 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer to Construction Fund line on the Appropriation Level-Improvement & Extension Fund-Water System table). The amount is based on the adjustment to the projects in the CIP that do not meet the criteria for debt financing.</i>
Bond Proceeds	<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 May 2021 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Earnings on Investments	<i>No budget amendment is required.</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 decrease in the Capital spend rate from 92.0% to 91.4%.</i>
Expenditures	
Capital Improvement Plan	<i>The proposed budget amendment 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 & Extension Fund table.</i>

Appropriation Level – Construction Fund – Water System Budget Amendment Explanations	
Capital Spend Rate Assumption Adjustment	<p><i>The proposed budget amendment represents the decrease in the projected Capital spend rate for the Water CIP from 92.0% (3rd quarter FY 2021 projection) to 91.4%. 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 March 2021 Audit Committee binder.</i></p>



Quarterly Budget Amendment Report FY 2021 Ending June 30, 2021

Table 3B - Appropriation Level – Construction Fund – Sewer System

Sewer Construction Fund	FY 2021 Board Adopted Budget	Total 1st Quarter FY 2021 Amendments	Total 2nd Quarter FY 2021 Amendments	Total 3rd Quarter FY 2021 Amendments	Total 4th Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 4/30/2021
Revenues							
Transfer from Improvement & Extension Fund	\$ 42,500,000	\$ -	\$ 2,021,600	\$ (3,042,400)	\$ 2,492,000	\$ 43,971,200	\$ 22,715,000
Bond Proceeds	-	-	-	-	-	-	-
Grant Revenues (SRF Loans)	33,200,000	-	-	-	-	33,200,000	15,523,100
Earnings on Investments	497,700	(388,200)	(81,900)	-	-	27,600	22,500
Net Use of Reserves (a)	6,781,300	388,200	81,900	9,500	-	7,260,900	-
Total Revenues	\$ 82,979,000	\$ -	\$ 2,021,600	\$ (3,032,900)	\$ 2,492,000	\$ 84,459,700	\$ 38,260,600
Expenditures							
Capital Improvement Plan (b)	\$ 110,638,000	\$ -	\$ -	\$ (1,020,800)	\$ (1,439,900)	\$ 108,177,300	\$ 68,413,200
Capital Spend Rate Adjustment	(27,659,000)	-	2,021,600	(2,012,100)	3,931,900	(23,717,600)	-
Total Expenditures (b)	\$ 82,979,000	\$ -	\$ 2,021,600	\$ (3,032,900)	\$ 2,492,000	\$ 84,459,700	\$ 68,413,200
<i>(a) Beginning Net Position</i>						\$ 23,311,100	
<i>Net Use of Reserves</i>						(7,260,900)	
<i>Projected Ending Net Position</i>						<u>\$ 16,050,200</u>	
<i>(b) Plus Direct I&E Projects</i>	-					2,460,700	
<i>Total CIP Expenditures</i>	<i>82,979,000</i>					<i>86,920,400</i>	
<i>Total Published Capital Improvement Plan</i>	<i>110,638,000</i>					<i>110,638,000</i>	
<i>Capital Spending Ratio</i>	<i>75.0%</i>					<i>78.6%</i>	

Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations	
Revenues	
Transfers from Improvement & Extension Fund	<i>The proposed budget amendment is to match the amount available for transfer from the FY 2021 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer to Construction Fund line on the Appropriation Level-Improvement & Extension Fund-Sewer System table). The amount is based on the change in the Capital spend rate and the adjustment to the projects in the CIP that do not meet the criteria for debt financing.</i>
Bond Proceeds	<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 May 2021 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Earnings on Investments	<i>No budget amendment is required.</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>
Expenditures	
Capital Improvement Plan	<i>The proposed budget amendment 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 Sewer Improvement & Extension Fund table.</i>

Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations	
Capital Spend Rate Adjustment	<p><i>The proposed budget amendment represents the increase in the projected Capital spend rate for the Sewer CIP from 75.0% to 78.6%. 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 March 2021 Audit Committee binder.</i></p>



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 2021 fourth 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 larger items (greater than \$500,000) is included in the table in Addendum 1.

ADDENDUM 1

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

Total 4th Quarter FY 2021		
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Administrative Services	0	
Administrative Services Unallocated Reserve	(467,600)	
Unallocated Reserve	(467,600)	
Chief Administrative Officer	(248,200)	
Contractual Services	(265,200)	
Personnel	8,800	
Supplies & Other	8,200	
Chief Executive Officer	900	
Personnel	900	
Chief Financial Officer	1,800	
Personnel	1,800	
Data Analytics & Internal Audit	3,400	
Personnel	3,400	
Enterprise Risk Management and Safety	(288,800)	
Contractual Services	(274,100)	
Personnel	2,300	
Supplies & Other	(17,000)	
Enterprise Risk Mgt. Insurance Fund	674,200	
Contractual Services	674,200	Budget adjustment based on a review of the property and casualty insurance claims.
Financial Planning & Analysis	34,700	
Contractual Services	12,000	
Personnel	23,500	
Supplies & Other	(800)	
Financial Reporting & Accounting	39,600	
Personnel	38,400	
Supplies & Other	1,200	
General Counsel	2,700	
Personnel	57,700	
Supplies & Other	(55,000)	
Logistics and Materials	304,900	
Contractual Services	6,700	
Personnel	114,300	
Supplies & Other	183,900	
OD Administration	(3,447,100)	
Contractual Services	(199,700)	
Personnel	(2,848,000)	Reallocate budget between new OD cost centers from 883201 OD Training to 883211 OD Talent Mgmt, 883221 OD Organization Wellness; 883231 OD Training, 883241 OD Performance, 883251 OD Recruiting, 883261 OD Compensation
Supplies & Other	(399,400)	
OD Compensation	242,000	
Contractual Services	52,800	
Personnel	189,200	
OD Organizational Wellness	473,400	
Contractual Services	111,800	
Personnel	342,100	
Supplies & Other	19,500	
OD Performance	425,800	
Contractual Services	98,200	
Personnel	324,100	
Supplies & Other	3,500	
OD Recruiting	424,400	
Contractual Services	63,800	
Personnel	345,800	
Supplies & Other	14,800	
OD Talent Management	569,300	
Contractual Services	101,700	
Personnel	461,300	
Supplies & Other	6,300	
OD Training	1,420,200	
Contractual Services	73,800	
Personnel	1,157,400	The budget for the cost center OD Training (12 FTE's salary/wages and employee benefits) was originally in 883201 OD Administration.
Supplies & Other	189,000	
Owners' Representative	(88,600)	
Capital Program Allocation	72,100	

ADDENDUM 1

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

Total 4th Quarter FY 2021		
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Contractual Services	(57,800)	
Personnel	(88,600)	
Supplies & Other	(14,300)	
Procurement Director	203,300	
Contractual Services	41,000	
Personnel	201,300	
Supplies & Other	(39,000)	
Public Affairs	(297,300)	
Contractual Services	(100,000)	
Personnel	2,700	
Supplies & Other	(200,000)	
Public Finance	(2,100)	
Contractual Services	16,000	
Personnel	(18,200)	
Supplies & Other	100	
Reporting and Compliance	11,600	
Personnel	11,600	
Transformation	5,000	
Personnel	5,000	
Treasury	2,500	
Personnel	2,400	
Supplies & Other	100	
Centralized Services	0	
Asset Management	(1,374,500)	
Contractual Services	(1,281,600)	Linear System Integrity Program (LSIP) delayed until FY 2022 (\$1.2M); reduction in activity with CH2M Hill - Asset Master Plan (\$81k)
Personnel	(63,700)	
Supplies & Other	(29,200)	
Capital Improvement Planning	1,581,300	
Contractual Services	1,648,100	AECOM Capital Program Management services - FY 2021 utilization of the contract is higher than projected. The overall spend on the project is still on target.
Personnel	(62,200)	
Supplies & Other	(4,600)	
Centralized Services Unallocated Reserve	441,600	
Unallocated Reserve	441,600	
Chief Planning Officer	(56,400)	
Contractual Services	26,500	
Personnel	(73,600)	
Supplies & Other	(9,300)	
Energy, Research & Innovation	(344,700)	
Contractual Services	(400,000)	
Personnel	2,300	
Supplies & Other	53,000	
Facility Operations	584,000	
Contractual Services	985,000	Increase in GDI contract for facility cleaning services and increase in usage of various facility maintenance contracts.
Personnel	(205,500)	
Supplies & Other	(195,500)	
Field Service Operations	694,200	
Contractual Services	(325,000)	
Personnel	847,200	Adjustment for increase in overtime, apprentices, and benefits.
Supplies & Other	172,000	
Fleet Operations	(153,100)	
Contractual Services	(250,000)	
Personnel	85,900	
Supplies & Other	11,000	
HazMat	12,000	
Personnel	57,000	
Supplies & Other	(45,000)	
Info Technology Business Applications	(122,700)	
Contractual Services	(230,400)	
Personnel	7,700	
Supplies & Other	100,000	
Info Technology Enterprise Applications	134,500	
Contractual Services	82,100	

ADDENDUM 1

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

Total 4th Quarter FY 2021		
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Personnel	(70,900)	
Supplies & Other	123,300	
Info Technology Infrastructure	11,500	
Contractual Services	1,010,000	Reallocation from Supplies & Other to cover the increase in telecom expenses (Frontier and AT&T).
Personnel	11,500	
Supplies & Other	(1,010,000)	The Microsoft Enterprise Agreement budget was higher than the negotiated contract amount (the monthly expense is 40% less than the budget).
Info Technology Security & Risk	900	
Personnel	900	
Info Technology Service Delivery	6,800	
Contractual Services	295,000	
Personnel	92,200	
Supplies & Other	(380,400)	
InfoTechnology Project Management Office	4,100	
Contractual Services	600	
Personnel	4,100	
Supplies & Other	(600)	
Office of the CIO	1,800	
Contractual Services	(50,000)	
Personnel	51,800	
Security and Integrity	338,100	
Contractual Services	(100,000)	
Personnel	495,700	
Supplies & Other	(57,600)	
Systems Analytics	(1,083,000)	
Contractual Services	(1,081,700)	Dye Testing contract renegotiated with Applied Science (CS-236) and had activity this year (\$675K). Lower than projected volumes for Good Sewer Metering, CDM Smith (\$400K).
Personnel	(2,100)	
Supplies & Other	(2,800)	
Utilities	3,600	
Systems Operations Control	(42,200)	
Contractual Services	(700,000)	Reduction in utilization of various as-needed contractual services primarily due to pandemic.
Personnel	457,800	
Supplies & Other	200,000	
Systems Planning	(634,200)	
Contractual Services	(464,500)	
Personnel	(94,700)	
Supplies & Other	(75,000)	
Wastewater System Operations	0	
7 Mile Combined Sewer Overflow	105,300	
Contractual Services	9,600	
Supplies & Other	95,700	
Baby Creek Combined Sewer Overflow	24,900	
Contractual Services	23,600	
Supplies & Other	1,300	
BDF, COF & Hauling	(172,000)	
Personnel	(134,000)	
Utilities	(38,000)	
Belle Isle Combined Sewer Overflow	48,900	
Contractual Services	5,900	
Supplies & Other	43,000	
Belle Isle Pumping Station	(20,000)	
Supplies & Other	(20,000)	
Blue Hill Pumping Station	(60,000)	
Supplies & Other	(60,000)	
Chief Operating Officer Wastewater	(886,900)	
Capital Program Allocation	(36,000)	
Contractual Services	(844,000)	The contract for regulatory compliance support was not renewed.
Personnel	(61,200)	
Supplies & Other	54,300	
Combined Sewer Overflow	(432,500)	
Personnel	(387,300)	

ADDENDUM 1

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

Total 4th Quarter FY 2021		
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Supplies & Other	(45,200)	
Conner Pumping Station	(100,000)	
Contractual Services	(10,000)	
Supplies & Other	(40,000)	
Utilities	(50,000)	
Connor Creek Combined Sewer Overflow	935,700	
Contractual Services	130,600	
Supplies & Other	805,100	Increased pace of maintenance projects realized through utilization of Job Order Contracts and Meter maintenance contract.
Fairview Pumping Station	425,000	
Supplies & Other	(35,000)	
Utilities	460,000	
Freud Pumping Station	180,000	
Supplies & Other	60,000	
Utilities	120,000	
Hubble Southfield CSO	411,400	
Chemicals	(12,000)	
Contractual Services	45,100	
Supplies & Other	378,300	
Industrial Waste Control	251,700	
Chemicals	200	
Personnel	264,700	
Supplies & Other	(13,200)	
Leib Combined Sewer Overflow	625,000	
Chemicals	12,000	
Contractual Services	26,800	
Supplies & Other	586,200	Increased pace of maintenance projects realized through utilization of Job Order Contracts and Meter maintenance contract.
Northeast Pumping Station	417,000	
Supplies & Other	327,000	
Utilities	90,000	
Oakwood Combined Sewer Overflow	247,000	
Contractual Services	22,000	
Supplies & Other	225,000	
Oakwood Pumping Station	(120,000)	
Contractual Services	(40,000)	
Supplies & Other	(100,000)	
Utilities	20,000	
Puritan Fenkell Combined Sewer Overflow	22,400	
Contractual Services	22,600	
Supplies & Other	(200)	
St Aubin Combined Sewer Overflow	208,600	
Contractual Services	20,200	
Supplies & Other	188,400	
Wastewater Dewatering Process	153,900	
Chemicals	110,000	
Contractual Services	65,200	
Personnel	67,000	
Supplies & Other	(88,300)	
Wastewater Director	348,800	
Contractual Services	149,000	
Personnel	213,700	
Supplies & Other	(13,900)	
Wastewater Engineering	123,100	
Capital Program Allocation	36,000	
Personnel	90,800	
Supplies & Other	(3,700)	
Wastewater Fire Damage	(560,000)	
Supplies & Other	(560,000)	Adjustment for the portion of the insurance deductible that will be expended in FY 2022.
Wastewater Incineration Process	128,500	
Chemicals	60,000	
Contractual Services	(148,900)	
Personnel	130,400	
Supplies & Other	87,000	
Wastewater Laboratories	(418,300)	

ADDENDUM 1

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

Total 4th Quarter FY 2021		
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Chemicals	(27,800)	
Contractual Services	(89,400)	
Personnel	(336,600)	
Supplies & Other	35,500	
Wastewater Operations	(5,191,900)	
Contractual Services	(1,489,000)	A higher percentage of the skilled labor contract was applied to Contractual Transition Services (Personnel) than was planned when the FY 2021 budget was developed.
Personnel	(252,700)	
Supplies & Other	(840,200)	Facilities maintenance reduced for HVAC and concrete repairs
Utilities	(2,610,000)	Operational changes as well as repairs resulted in significant savings for Water & Natural Gas
Wastewater Primary Process	241,400	
Chemicals	155,000	
Contractual Services	(133,300)	
Personnel	20,100	
Supplies & Other	199,600	
Wastewater Process Control	(1,366,700)	
Chemicals	700	
Contractual Services	(1,070,000)	The use of contract services has been reduced as GLWA staff has taken on more responsibility.
Personnel	(15,500)	
Supplies & Other	(281,900)	
Wastewater Secondary Process	(446,200)	
Chemicals	(325,700)	
Personnel	291,700	
Supplies & Other	(412,200)	
Wastewater System Operations Unallocated Reserve	4,905,900	
Unallocated Reserve	4,905,900	The increase is primarily due to savings realized in Utilities and Contractual Services.
Woodmere Pumping Station	(30,000)	
Supplies & Other	(30,000)	
Water System Operations	0	
Adams Road Pumping Station	90,000	
Supplies & Other	(50,000)	
Utilities	140,000	
COO - Water Operations & Field Services	3,400	
Contractual Services	(10,000)	
Personnel	1,400	
Supplies & Other	12,000	
Franklin Road Pumping Station	51,000	
Supplies & Other	(60,000)	
Utilities	111,000	
Haggerty Road Pumping Station	70,000	
Utilities	70,000	
Imlay Pumping Station	50,000	
Supplies & Other	50,000	
Joy Road Pumping Station	(10,000)	
Supplies & Other	(50,000)	
Utilities	40,000	
Lake Huron Water Plant	(160,300)	
Chemicals	120,000	
Contractual Services	(580,000)	Delay in the request and renewal of the lagoon sludge removal contract. Expenses related to the contract are projected to be higher in FY 2022.
Personnel	129,300	
Supplies & Other	20,400	
Utilities	150,000	
Michigan Ave Pumping Station	14,000	
Utilities	14,000	
North Service Center Pumping Station	(90,000)	
Supplies & Other	(230,000)	
Utilities	140,000	
Northeast Water Plant	150,700	
Capital Program Allocation	60,000	
Chemicals	220,000	

ADDENDUM 1

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

Total 4th Quarter FY 2021		
Departmental and Account Level Amendments	Amendments	Explanation of Key Items
Contractual Services	(755,000)	Alum sludge hauling and removal contract experienced a delay in the estimated start date for change order number 3 which will cause a fluctuation of expenses for the upcoming fiscal year.
Personnel	166,700	
Supplies & Other	114,000	
Utilities	345,000	
Northwest Pumping Station	30,000	
Utilities	30,000	
Rochester Pumping Station	120,000	
Utilities	120,000	
Schoolcraft Pumping Station	70,000	
Supplies & Other	20,000	
Utilities	50,000	
Southwest Water Plant	(917,100)	
Chemicals	320,000	
Contractual Services	(1,500,000)	Alum sludge hauling and removal contract experienced a delay in the estimated start date for change order number 3 which will cause a fluctuation of expenses for the upcoming fiscal year.
Personnel	92,900	
Supplies & Other	(140,000)	
Utilities	310,000	
Springwells Water Plant	1,049,400	
Chemicals	170,000	
Contractual Services	120,000	
Personnel	288,400	
Supplies & Other	(169,000)	
Utilities	640,000	Budget added for electrical and gas usage based on review of historical spend and projected FY 2021 utilization.
Water Director	(59,500)	
Contractual Services	(13,000)	
Personnel	(15,100)	
Supplies & Other	(31,400)	
Water Engineering	(139,200)	
Capital Program Allocation	(250,000)	
Contractual Services	115,000	
Personnel	11,800	
Supplies & Other	(16,000)	
Water Quality	262,700	
Chemicals	80,000	
Contractual Services	(20,000)	
Personnel	231,700	
Supplies & Other	(29,000)	
Water System Operations Unallocated Reserve	(920,300)	
Unallocated Reserve	(920,300)	Unallocated Reserve was used for the refinement of various account categories within the Water Operations area, primarily Chemicals and Utilities in which usage which can vary from year to year.
Water Works Park	45,200	
Chemicals	60,000	
Contractual Services	230,000	
Personnel	4,200	
Supplies & Other	(179,000)	
Utilities	(70,000)	
West Service Center Pumping Station	40,000	
Supplies & Other	(50,000)	
Utilities	90,000	
Wick Road Pumping Station	140,000	
Supplies & Other	20,000	
Utilities	120,000	
Ypsilanti Pumping Station	110,000	
Contractual Services	(40,000)	
Utilities	150,000	
Grand Total	0	
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 2021 fourth quarter budget amendments for operations & maintenance by the major expense categories (account type). The explanations for the larger items can be found in Addendum 1.

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Capital Program Allocation	(117,900)
Chief Operating Officer Wastewater	(36,000)
Northeast Water Plant	60,000
Owners' Representative	72,100
Wastewater Engineering	36,000
Water Engineering	(250,000)
Chemicals	942,400
Hubble Southfield CSO	(12,000)
Industrial Waste Control	200
Lake Huron Water Plant	120,000
Leib Combined Sewer Overflow	12,000
Northeast Water Plant	220,000
Southwest Water Plant	320,000
Springwells Water Plant	170,000
Wastewater Dewatering Process	110,000
Wastewater Incineration Process	60,000
Wastewater Laboratories	(27,800)
Wastewater Primary Process	155,000
Wastewater Process Control	700
Wastewater Secondary Process	(325,700)
Water Quality	80,000
Water Works Park	60,000
Contractual Services	(6,237,700)
7 Mile Combined Sewer Overflow	9,600
Asset Management	(1,281,600)
Baby Creek Combined Sewer Overflow	23,600
Belle Isle Combined Sewer Overflow	5,900

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Capital Improvement Planning	1,648,100
Chief Administrative Officer	(265,200)
Chief Operating Officer Wastewater	(844,000)
Chief Planning Officer	26,500
Conner Pumping Station	(10,000)
Connor Creek Combined Sewer Overflow	130,600
COO - Water Operations & Field Services	(10,000)
Energy, Research & Innovation	(400,000)
Enterprise Risk Management and Safety	(274,100)
Enterprise Risk Mgt. Insurance Fund	674,200
Facility Operations	985,000
Field Service Operations	(325,000)
Financial Planning & Analysis	12,000
Fleet Operations	(250,000)
Hubble Southfield CSO	45,100
Info Technology Business Applications	(230,400)
Info Technology Enterprise Applications	82,100
Info Technology Infrastructure	1,010,000
Info Technology Service Delivery	295,000
InfoTechnology Project Management Office	600
Lake Huron Water Plant	(580,000)
Leib Combined Sewer Overflow	26,800
Logistics and Materials	6,700
Northeast Water Plant	(755,000)
Oakwood Combined Sewer Overflow	22,000
Oakwood Pumping Station	(40,000)
OD Administration	(199,700)
OD Compensation	52,800
OD Organizational Wellness	111,800
OD Performance	98,200
OD Recruiting	63,800
OD Talent Management	101,700
OD Training	73,800
Office of the CIO	(50,000)
Owners' Representative	(57,800)

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Procurement Director	41,000
Public Affairs	(100,000)
Public Finance	16,000
Puritan Fenkell Combined Sewer Overflow	22,600
Security and Integrity	(100,000)
Southwest Water Plant	(1,500,000)
Springwells Water Plant	120,000
St Aubin Combined Sewer Overflow	20,200
Systems Analytics	(1,081,700)
Systems Operations Control	(700,000)
Systems Planning	(464,500)
Wastewater Dewatering Process	65,200
Wastewater Director	149,000
Wastewater Incineration Process	(148,900)
Wastewater Laboratories	(89,400)
Wastewater Operations	(1,489,000)
Wastewater Primary Process	(133,300)
Wastewater Process Control	(1,070,000)
Water Director	(13,000)
Water Engineering	115,000
Water Quality	(20,000)
Water Works Park	230,000
Ypsilanti Pumping Station	(40,000)
Personnel	2,683,000
Asset Management	(63,700)
BDF, COF & Hauling	(134,000)
Capital Improvement Planning	(62,200)
Chief Administrative Officer	8,800
Chief Executive Officer	900
Chief Financial Officer	1,800
Chief Operating Officer Wastewater	(61,200)
Chief Planning Officer	(73,600)
Combined Sewer Overflow	(387,300)
COO - Water Operations & Field Services	1,400
Data Analytics & Internal Audit	3,400

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Energy, Research & Innovation	2,300
Enterprise Risk Management and Safety	2,300
Facility Operations	(205,500)
Field Service Operations	847,200
Financial Planning & Analysis	23,500
Financial Reporting & Accounting	38,400
Fleet Operations	85,900
General Counsel	57,700
HazMat	57,000
Industrial Waste Control	264,700
Info Technology Business Applications	7,700
Info Technology Enterprise Applications	(70,900)
Info Technology Infrastructure	11,500
Info Technology Security & Risk	900
Info Technology Service Delivery	92,200
InfoTechnology Project Management Office	4,100
Lake Huron Water Plant	129,300
Logistics and Materials	114,300
Northeast Water Plant	166,700
OD Administration	(2,848,000)
OD Compensation	189,200
OD Organizational Wellness	342,100
OD Performance	324,100
OD Recruiting	345,800
OD Talent Management	461,300
OD Training	1,157,400
Office of the CIO	51,800
Owners' Representative	(88,600)
Procurement Director	201,300
Public Affairs	2,700
Public Finance	(18,200)
Reporting and Compliance	11,600
Security and Integrity	495,700
Southwest Water Plant	92,900
Springwells Water Plant	288,400

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Systems Analytics	(2,100)
Systems Operations Control	457,800
Systems Planning	(94,700)
Transformation	5,000
Treasury	2,400
Wastewater Dewatering Process	67,000
Wastewater Director	213,700
Wastewater Engineering	90,800
Wastewater Incineration Process	130,400
Wastewater Laboratories	(336,600)
Wastewater Operations	(252,700)
Wastewater Primary Process	20,100
Wastewater Process Control	(15,500)
Wastewater Secondary Process	291,700
Water Director	(15,100)
Water Engineering	11,800
Water Quality	231,700
Water Works Park	4,200
Supplies & Other	(1,675,000)
7 Mile Combined Sewer Overflow	95,700
Adams Road Pumping Station	(50,000)
Asset Management	(29,200)
Baby Creek Combined Sewer Overflow	1,300
Belle Isle Combined Sewer Overflow	43,000
Belle Isle Pumping Station	(20,000)
Blue Hill Pumping Station	(60,000)
Capital Improvement Planning	(4,600)
Chief Administrative Officer	8,200
Chief Operating Officer Wastewater	54,300
Chief Planning Officer	(9,300)
Combined Sewer Overflow	(45,200)
Conner Pumping Station	(40,000)
Connor Creek Combined Sewer Overflow	805,100
COO - Water Operations & Field Services	12,000
Energy, Research & Innovation	53,000

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Enterprise Risk Management and Safety	(17,000)
Facility Operations	(195,500)
Fairview Pumping Station	(35,000)
Field Service Operations	172,000
Financial Planning & Analysis	(800)
Financial Reporting & Accounting	1,200
Fleet Operations	11,000
Franklin Road Pumping Station	(60,000)
Freud Pumping Station	60,000
General Counsel	(55,000)
HazMat	(45,000)
Hubble Southfield CSO	378,300
Imlay Pumping Station	50,000
Industrial Waste Control	(13,200)
Info Technology Business Applications	100,000
Info Technology Enterprise Applications	123,300
Info Technology Infrastructure	(1,010,000)
Info Technology Service Delivery	(380,400)
InfoTechnology Project Management Office	(600)
Joy Road Pumping Station	(50,000)
Lake Huron Water Plant	20,400
Leib Combined Sewer Overflow	586,200
Logistics and Materials	183,900
North Service Center Pumping Station	(230,000)
Northeast Pumping Station	327,000
Northeast Water Plant	114,000
Oakwood Combined Sewer Overflow	225,000
Oakwood Pumping Station	(100,000)
OD Administration	(399,400)
OD Organizational Wellness	19,500
OD Performance	3,500
OD Recruiting	14,800
OD Talent Management	6,300
OD Training	189,000
Owners' Representative	(14,300)

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Procurement Director	(39,000)
Public Affairs	(200,000)
Public Finance	100
Puritan Fenkell Combined Sewer Overflow	(200)
Schoolcraft Pumping Station	20,000
Security and Integrity	(57,600)
Southwest Water Plant	(140,000)
Springwells Water Plant	(169,000)
St Aubin Combined Sewer Overflow	188,400
Systems Analytics	(2,800)
Systems Operations Control	200,000
Systems Planning	(75,000)
Treasury	100
Wastewater Dewatering Process	(88,300)
Wastewater Director	(13,900)
Wastewater Engineering	(3,700)
Wastewater Fire Damage	(560,000)
Wastewater Incineration Process	87,000
Wastewater Laboratories	35,500
Wastewater Operations	(840,200)
Wastewater Primary Process	199,600
Wastewater Process Control	(281,900)
Wastewater Secondary Process	(412,200)
Water Director	(31,400)
Water Engineering	(16,000)
Water Quality	(29,000)
Water Works Park	(179,000)
West Service Center Pumping Station	(50,000)
Wick Road Pumping Station	20,000
Woodmere Pumping Station	(30,000)
Unallocated Reserve	3,959,600
Administrative Services Unallocated Res	(467,600)
Centralized Services Unallocated Res	441,600
Wastewater System Operations Unallocated	4,905,900
Water System Operations Unallocated	(920,300)

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 4th Quarter FY 2021 Amendments
Utilities	445,600
Adams Road Pumping Station	140,000
BDF, COF & Hauling	(38,000)
Conner Pumping Station	(50,000)
Fairview Pumping Station	460,000
Franklin Road Pumping Station	111,000
Freud Pumping Station	120,000
Haggerty Road Pumping Station	70,000
Joy Road Pumping Station	40,000
Lake Huron Water Plant	150,000
Michigan Ave Pumping Station	14,000
North Service Center Pumping Station	140,000
Northeast Pumping Station	90,000
Northeast Water Plant	345,000
Northwest Pumping Station	30,000
Oakwood Pumping Station	20,000
Rochester Pumping Station	120,000
Schoolcraft Pumping Station	50,000
Southwest Water Plant	310,000
Springwells Water Plant	640,000
Systems Analytics	3,600
Wastewater Operations	(2,610,000)
Water Works Park	(70,000)
West Service Center Pumping Station	90,000
Wick Road Pumping Station	120,000
Ypsilanti Pumping Station	150,000
Grand Total	0

Totals may be off due to rounding

Great Lakes Water Authority

Resolution 2021 - 245

Resolution Adopting the Budget Amendments through the Fourth Quarter of FY 2021

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 2021 budget on March 11, 2020 for the twelve-month fiscal year beginning July 1, 2020;

WHEREAS Following a review of the budget amendment report through the FY 2021 Fourth 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;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Suburban Wholesale Customer Charges	\$ 314,252,200	\$ 317,033,600	\$ 277,011,800	\$ 272,453,500
Retail Service Charges	22,555,400	21,925,500	190,112,100	187,959,700
Industrial Waste Control Charges	-	-	8,775,400	7,684,700
Pollutant Surcharges	-	-	5,262,800	6,107,600
Investment Earnings	4,834,400	3,955,700	5,589,200	2,778,100
Other Revenues	-	229,000	-	2,195,300
Total Revenues	<u>\$ 341,642,000</u>	<u>\$ 343,143,800</u>	<u>\$ 486,751,300</u>	<u>\$ 479,178,900</u>
Revenue Requirements				
Operations & Maintenance Expense	\$ 137,127,300	\$ 134,127,300	\$ 184,946,100	\$ 182,296,000
General Retirement System Legacy Pension	6,048,000	No Change	10,824,000	No Change
Debt Service	143,189,900	137,436,000	209,739,900	201,780,400
General Retirement System Accelerated Pension	6,268,300	No Change	11,620,700	No Change
Extraordinary Repair & Replacement Deposit	-	-	-	-
Water Residential Assistance Program Contributions	1,669,400	No Change	2,415,100	No Change
Lease Payment	22,500,000	No Change	27,500,000	No Change
Operating Reserve Deposit	876,600	-	-	-
DWSD Budget Shortfall Pending	-	-	-	-
Improvement & Extension Fund Transfer	23,962,500	35,094,800	39,705,500	42,742,700
Total Revenue Requirements	<u>\$ 341,642,000</u>	<u>\$ 343,143,800</u>	<u>\$ 486,751,300</u>	<u>\$ 479,178,900</u>

WHEREAS Following a review of the budget amendment report through the FY 2021 Fourth 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;

Improvement & Extension Fund				
Appropriation Category	Water System		Sewer System	
Revenues	Adopted	Amended	Adopted	Amended
Transfers In from General Operating	\$ 23,962,500	\$ 35,094,800	\$ 39,705,500	\$ 42,742,700
Receipt of DWSD Shortfall Loan	-	-	19,288,300	No Change
Earnings on Investments	-	3,048,400	-	1,401,300
Net Use of Reserves	68,929,500	90,464,300	3,987,300	(1,328,800)
Total Revenues	<u>\$ 92,892,000</u>	<u>\$ 128,607,500</u>	<u>\$ 62,981,100</u>	<u>\$ 62,103,500</u>
Expenditures				
Water/Sewer System Revenue Transfers Out	\$ -	\$ 3,048,400	\$ -	\$ 1,401,300
Capital Spending - Other	-	4,922,800	-	2,460,700
Capital Outlay	17,892,000	10,559,100	20,481,100	14,270,300
Revenue Financed Capital - Opoerating				
Transfer to Construction Fund	75,000,000	110,077,200	42,500,000	43,971,200
Total Expenditures	<u>\$ 92,892,000</u>	<u>\$ 128,607,500</u>	<u>\$ 62,981,100</u>	<u>\$ 62,103,500</u>

WHEREAS Following a review of the budget amendment report through the FY 2021 Fourth 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	
Revenues	Adopted	Amended	Adopted	Amended
Transfer from Improvement & Extension Fund	\$ 75,000,000	110,077,200	\$ 42,500,000	43,971,200
Bond Proceeds	-	-	-	-
Grant Revenues (SRF Loans)	12,365,800	No Change	33,200,000	No Change
Earnings on Investments	820,400	26,800	497,700	27,600
Net Use of Reserves	22,486,800	7,514,600	6,781,300	7,260,900
Total Revenues	<u>\$ 110,673,000</u>	<u>\$ 129,984,400</u>	<u>\$ 82,979,000</u>	<u>\$ 84,459,700</u>
Expenditures				
Project Expenditures	<u>\$ 110,673,000</u>	<u>129,984,400</u>	<u>\$ 82,979,000</u>	<u>84,459,700</u>
Total Expenditures	<u>\$ 110,673,000</u>	<u>\$ 129,984,400</u>	<u>\$ 82,979,000</u>	<u>\$ 84,459,700</u>
Capital Spending Ratio	75.0%	91.4%	75.0%	78.6%

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meetings on June 21, 2021; 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 2021 Fourth Quarter Budget Amendments; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.