



**FY 2024 Second Quarter
Budget Amendment Report
Through December 31, 2023
& Proposed Budget Amendment
Resolution**

Presented to the Audit Committee
April 29, 2024

Background: In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee in addition to a corresponding budget amendment resolution.

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

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

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

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

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

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

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

4. Appropriation Level – Construction Fund – Water and Sewer Systems

- A. Water System Construction Fund
- B. Sewer System Construction Fund

5. Proposed Budget Amendment Resolution

* Denotes Supplemental information



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

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

Water System	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Revenues					
Suburban Wholesale Customer Charges	\$ 340,540,600	\$ (4,000,000)	\$ (811,000)	\$ 335,729,600	\$ 170,780,890
Less: Bad Debt Expense	-	-	-	-	-
Less: Pending Bad Debt Recovery Credit	-	-	(5,026,500)	(5,026,500)	-
Retail Service Charges	25,537,200	-	-	25,537,200	12,768,600
<i>Investment Earnings - Unrestricted</i>	<i>3,067,000</i>	<i>5,463,200</i>	<i>800,000</i>	<i>9,330,200</i>	<i>6,323,600</i>
<i>Investment Earnings - Restricted for Debt Service</i>	<i>994,700</i>	<i>2,536,800</i>	<i>1,200,000</i>	<i>4,731,500</i>	<i>2,218,300</i>
Investment Earnings	4,061,700	8,000,000	2,000,000	14,061,700	8,541,900
Other Revenues	175,000	265,000	418,200	858,200	613,100
Total Revenues	\$ 370,314,500	\$ 4,265,000	\$ (3,419,300)	\$ 371,160,200	\$ 192,704,490
Revenue Requirements					
Operations & Maintenance Expense	\$ 152,906,400	\$ 10,194,100	\$ 3,782,400	\$ 166,882,900	\$ 79,635,300
Debt Service	159,482,800	3,151,200	(397,900)	162,236,100	79,741,400
General Retirement System Pension	3,395,500	(1,890,000)	-	1,505,500	1,697,700
Extraordinary Repair & Replacement Deposit	-	-	-	-	-
Water Residential Assistance Program Contribution	1,851,600	-	-	1,851,600	925,800
Regional System Lease	22,500,000	-	-	22,500,000	11,250,000
Receiving Fund Working Capital Requirement	-	1,400,000	(1,400,000)	-	-
Improvement & Extension Fund Transfer Pending	30,178,200	(8,590,300)	(5,403,800)	16,184,100	13,861,900
Total Revenue Requirements	\$ 370,314,500	\$ 4,265,000	\$ (3,419,300)	\$ 371,160,200	\$ 187,112,100
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ 5,592,390



Water System – Revenues (Table 1A)

Net decrease to the Water System revenues of \$3.4 million

- *\$0.8 million wholesale revenue decrease* – Due to the impact of the City of Highland Park settlement on wholesale revenues related to FY 2024 activity.
- *\$5.0 million revenue decrease* – Due to the contingent funding for member partner bad debt recovery credits based on the framework of the settlement agreement between the City of Highland Park, the State of Michigan, and GLWA related to the water system [as approved by the Board of Directors on November 16, 2023 \(Action #2023-427\)](#) pending certain conditions precedent.
- *\$2.0 million revenue increase* – Investment earnings adjustment based on revised interest rates provided by the Authority’s investment manager.
- *\$0.4 million revenue increase* – Other earnings adjustment based on activity to date for energy rebates, radio tower lease payments received, scrap metal sales, grants (apprentice program and COVID-19), and other miscellaneous receipts. The source of revenue for this category fluctuates from year to year.

Water System – Revenue Requirements (Table 1A)

A. **Operations & Maintenance Expense** - Increase to the Water Operations & Maintenance (O&M) Expense of \$3.8 million (Table 1A). The primary drivers for this increase are as follows:

- *Utilities – \$1.2 million increase* – Primarily driven by current fiscal year increases in electricity charges (kWh) in the water plants of \$0.6 million, offset by the restructured natural gas contract with the State of Michigan. The additional \$0.6 million increase is due to electricity charges for pumping stations.
- *Personnel – \$0.9 million increase* – Driven by increase in filled positions and increased costs related to the accelerated timing of the Apprentice Program in Workforce Development.
- *Supplies and Other – \$0.8 million increase* – Related increased costs related to maintenance requirements for lift and pump repairs.
- *Contractual Services – \$0.7 million increase* – Primarily driven by the significant increase in phosphoric acid usage to comply with new Environmental Protection Agency (EPA) lead and copper regulations for mobile dredging.



Quarterly Budget Amendment Report
FY 2024 Ending December 31, 2023

This budget impact aligns with the new requirements outlined in the Corrosion Control Study Updates and Draft Recommendations presented to the Board of Directors on February 28, 2024 (Action Item # 2024-064).

- The remaining amount of \$0.1 million is due to other minor variances including general insurance premiums.
- B. **Debt Service** – Budget amendment is related to the timing impact of actual versus forecasted state revolving fund (SRF) loan draws.
- C. **General Retirement System Pension** – No amendment is required.
- D. **Extraordinary Repair & Replacement Deposit** - No amendment is required.
- E. **Water Residential Assistance Program Contribution** - No amendment is required.
- F. **Regional System Lease** – No amendment is required.
- G. **Receiving Fund Working Capital Requirement** – This amendment appropriately restores working capital reserve to zero based on actual and forecasted activity.
- H. **Improvement & Extension Fund Transfer Pending** – Represents annual funding for pay-as-you-go capital improvement program. The net effect of budget amendments to revenues, bad debt, investment earnings, and operations & maintenance expense affect this line item.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

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

Sewer System	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Revenues					
Suburban Wholesale Customer Charges	\$ 282,687,600	\$ -	\$ 191,000	\$ 282,878,600	\$ 140,600,900
Less: Bad Debt Expense	-	-	-	-	-
Less: Pending Bad Debt Recovery Credit	-	-	(15,000,000)	(15,000,000)	-
Retail Service Charges	196,569,600	-	-	196,569,600	98,284,800
Industrial Waste Control Charges	8,584,200	-	(24,000)	8,560,200	4,361,100
Pollutant Surcharges	5,328,300	-	-	5,328,300	2,163,800
<i>Investment Earnings - Unrestricted</i>	<i>5,567,000</i>	<i>7,832,700</i>	<i>-</i>	<i>13,399,700</i>	<i>8,095,200</i>
<i>Investment Earnings - Restricted for Debt Service</i>	<i>1,490,300</i>	<i>1,167,300</i>	<i>1,000,000</i>	<i>3,657,600</i>	<i>2,866,400</i>
Investment Earnings	7,057,300	9,000,000	1,000,000	17,057,300	10,961,600
Other Revenues	400,000	317,000	301,000	1,018,000	520,600
Total Revenues	\$ 500,627,000	\$ 9,317,000	\$ (13,532,000)	\$ 496,412,000	\$ 256,892,800
Revenue Requirements					
Operations & Maintenance Expense	\$ 205,643,700	\$ 14,484,700	\$ 1,897,100	\$ 222,025,500	\$ 102,771,700
Debt Service	228,328,300	3,453,300	(806,100)	230,975,500	114,164,100
General Retirement System Pension	6,479,300	(3,382,500)	-	3,096,800	3,239,700
Extraordinary Repair & Replacement Deposit	-	-	-	-	-
Water Residential Assistance Program Contribution	2,503,100	-	-	2,503,100	1,251,600
Regional System Lease	27,500,000	-	-	27,500,000	13,750,000
Improvement & Extension Fund Transfer Pending	30,172,600	(5,238,500)	(14,623,000)	10,311,100	14,337,900
Total Revenue Requirements	\$ 500,627,000	\$ 9,317,000	\$ (13,532,000)	\$ 496,412,000	\$ 249,515,000
Net Actual to Date	\$ -	\$ -	\$ -	\$ -	\$ 7,377,800



Quarterly Budget Amendment Report
FY 2024 Ending December 31, 2023

Sewer System – Revenues (Table 1B)

Net decrease to Sewer System revenues of \$13.5 million (Table 1B)

- *\$0.2 million wholesale revenue increase* – Due to the impact of the City of Highland Park settlement on wholesale revenues related to FY 2024 activity.
- *\$15.0 million revenue decrease* – Due to the contingent funding for member partner bad debt recovery credits based on the framework of the settlement agreement between the City of Highland Park, the State of Michigan, and GLWA related to the water system [as approved by the Board of Directors on November 16, 2023 \(Action #2023-427\)](#) pending certain conditions precedent.
- *\$1.0 million revenue increase* – Investment earnings adjustment based on revised interest rates provided by the Authority's investment manager.
- *\$0.3 million revenue increase* – Other earnings adjustment based on activity to date for septic tank disposal fees, energy rebates, fire remediation insurance proceeds, scrap metal sales, grants (COVID-19), and other miscellaneous receipts. The source of revenue for this category fluctuates from year to year.

Sewer System – Revenue Requirements (Table 1B)

- A. **Operations & Maintenance Expense** - Increase to the Sewer Operations & Maintenance Expense of \$1.9 million. The primary drivers for this increase are as follows:
 - One-time incinerator rebuild cost in the amount of \$1.5M for Incinerator #11 in Wastewater Incineration Process department.
 - The remaining amount of \$0.4 million is due to other minor variances including general insurance premiums.
- B. **Debt Service** – Budget amendment is related to the timing impact of actual versus forecasted state revolving fund (SRF) loan draws.
- C. **General Retirement System Pension** – No amendment is required.
- D. **Extraordinary Repair & Replacement Deposit** - No amendment is required.
- E. **Water Residential Assistance Program Contribution** - No amendment is required.
- F. **Regional System Lease** – No amendment is required.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

G. Improvement & Extension Fund Transfer Pending – Represents annual funding for pay-as-you-go capital improvement program. The net effect of budget amendments to revenues, bad debt, investment earnings, and operations & maintenance expense affect this line item.

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

System	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Water System	\$ 152,906,400	\$ 10,194,100	\$ 3,782,400	\$ 166,882,900	\$ 79,635,300
Sewer System	205,643,700	14,484,700	1,897,100	222,025,500	102,771,700
Total	\$ 358,550,100	\$ 24,678,800	\$ 5,679,500	\$ 388,908,400	\$ 182,407,000

Totals may be off slightly 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.



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

O&M Major Budget Categories (Core Groups)	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
A Water System Operations	\$ 82,732,800	\$ 5,005,400	\$ 3,025,400	\$ 90,763,600	\$ 42,683,500
B Wastewater System Operations	132,934,300	8,721,500	2,692,800	144,348,600	68,649,700
C Centralized Services	106,900,500	9,636,900	(602,200)	115,935,200	53,141,900
D Administrative & Other Services	35,982,500	1,315,000	563,500	37,861,000	17,931,900
Total	\$ 358,550,100	\$ 24,678,800	\$ 5,679,500	\$ 388,908,400	\$ 182,407,000

Totals may be off slightly 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., systems resiliency, field services, security, information technology, facilities, and fleet), D) administrative services (e.g., finance, public affairs, general counsel, and organizational development). The costs of the latter two categories are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

Through the second quarter FY 2024, the following amendments are being proposed (details can be found along with the discussion for Tables 1A and 1B).

- Category A - Water System Operations - The Water O&M budget is being increased an additional \$3.0 million to cover the cost increases projected for FY 2024.
- Category B - Wastewater System Operations - The Sewer O&M budget is being increased \$2.7 million to cover the cost increases projected for FY 2024.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

- Category C - Centralized Services - The Centralized Services O&M budget is being decreased by \$0.6 million in various categories to cover the cost increases related to Water and Wastewater System Operations and Administrative & Other Services. The costs in this category are allocated to the water and sewer systems.
- Category D - Administrative & Other Services - The Administrative & Other Services O&M budget is being increased \$0.6 million to cover the cost increases projected for FY 2024. The costs in this category are allocated to the water and sewer systems.

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

O&M Expense Categories (Account Type)	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Personnel Costs	\$ 120,887,100	\$ 285,000	\$ 1,834,800	\$ 123,006,900	\$ 62,435,800
Utilities	63,395,200	8,220,300	(426,100)	71,189,400	35,677,000
Chemicals	30,451,800	2,656,800	(1,148,300)	31,960,300	13,912,800
Supplies & Other	34,019,500	8,642,500	3,344,300	46,006,300	17,709,400
Contractual Services	106,889,200	4,874,200	2,154,300	113,917,700	55,054,900
Capital Program Allocation	(4,232,700)	-	471,600	(3,761,100)	(1,185,200)
Shared Services	(1,655,800)	-	(551,100)	(2,206,900)	(1,197,700)
Unallocated Reserve	8,795,800	-	-	8,795,800	-
Total	\$ 358,550,100	\$ 24,678,800	\$ 5,679,500	\$ 388,908,400	\$ 182,407,000

Totals may be off slightly due to rounding.

The table above presents the Operations & Maintenance budget by the major expense categories (account type) to further identify the O&M expense categories that are impacted by budget amendments.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

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

O&M Unallocated Reserves	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget
Water System Operations	\$ 3,331,400	\$ 9,900	\$ -	\$ 3,341,300
Wastewater System Operations	3,089,900	(9,900)	-	3,080,000
Centralized Services	1,722,200	-	-	1,722,200
Administrative & Other Services	652,300	-	-	652,300
Total	\$ 8,795,800	\$ -	\$ -	\$ 8,795,800

Totals may be off slightly due to rounding.

An Unallocated Reserve account is established for each of the four core groups. Budget is assigned to these accounts to cover expenditures not known at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA’s internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If an area does not require as much funding as was established in the original budget, that department’s budgeted expenses are reduced, and the unallocated reserve is increased.



Quarterly Budget Amendment Report
FY 2024 Ending December 31, 2023

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

Water System - Debt Service Coverage Calculation	1st Quarter FY 2024		1Q Adjustment to Local System Budget		FY 2024 Amended Budget		2nd Quarter FY 2024		2Q Adjustment to Local System Budget		FY 2024 Amended Budget	
	FY 2024 Adopted Budget	Amendments Regional System	1st Quarter FY 2024 Amendments Local System	1Q Adjustment to Local System Budget	FY 2024 Amended Budget	2nd Quarter FY 2024 Amendments Regional System	2nd Quarter FY 2024 Amendments Local System	2Q Adjustment to Local System Budget	FY 2024 Amended Budget			
Revenues												
1 Regional System Wholesale Revenues	\$ 366,077,800	\$ (4,000,000)	\$ -	\$ -	\$ 362,077,800	\$ (5,837,500)	\$ -	\$ -	\$ 356,240,300			
2 Local System Revenues	89,140,400	-	-	-	89,140,400	-	-	-	89,140,400			
3 Miscellaneous Revenue (Local System)	4,210,000	-	-	-	4,210,000	-	-	-	4,210,000			
4 Non-Operating Revenue (Regional System)	4,236,700	8,265,000	-	-	12,501,700	2,418,200	-	-	14,919,900			
5 Total Revenues	\$ 463,664,900	\$ 4,265,000	\$ -	\$ -	\$ 467,929,900	\$ (3,419,300)	\$ -	\$ -	\$ 464,510,600			
Revenue Requirements												
Operations & Maintenance Expense												
6 Regional System Wholesale Expenses	\$ 152,906,400	\$ 10,194,100	\$ -	\$ -	\$ 163,100,500	\$ 3,782,400	\$ -	\$ -	\$ 166,882,900			
7 Local System Expenses	44,756,000	-	-	-	44,756,000	-	-	-	44,756,000			
8 GRS Pension allocable to Regional System	-	-	-	-	-	-	-	-	-			
9 GRS Pension allocable to Local System	-	-	-	-	-	-	-	-	-			
10 Total Operations & Maintenance Expense	197,662,400	10,194,100	-	-	207,856,500	3,782,400	-	-	211,638,900			
11 Net Revenues after Operations & Maintenance Expense	\$ 266,002,500	\$ (5,929,100)	\$ -	\$ -	\$ 260,073,400	\$ (7,201,700)	\$ -	\$ -	\$ 252,871,700			
Debt Service by Lien												
12 Senior Lien Bonds	\$ 136,224,100	\$ 3,653,400	\$ -	\$ -	\$ 139,877,500	\$ -	\$ -	\$ -	\$ 139,877,500			
13 Second Lien Bonds	51,754,500	-	-	-	51,754,500	-	-	-	51,754,500			
14 SRF Junior Lien Bonds	16,469,500	(502,200)	-	169,300	16,136,600	(397,900)	-	(63,900)	15,674,800			
15 Total Debt Service	\$ 204,448,100	\$ 3,151,200	\$ -	\$ 169,300	\$ 207,768,600	\$ (397,900)	\$ -	\$ (63,900)	\$ 207,306,800			
Debt Service Coverage												
16 Senior Lien Bonds (11)/(12)	1.95	(0.09)	0.00	0.00	1.86	(0.05)	0.00	0.00	1.81			
17 Second Lien Bonds (11)/[(12)+(13)]	1.42	(0.06)	0.00	0.00	1.36	(0.04)	0.00	0.00	1.32			
18 SRF Junior Lien Bonds (11)/(15)	1.30	(0.05)	0.00	0.00	1.25	(0.03)	0.00	0.00	1.22			

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The approved GLWA budget was based on preliminary DWSD budget information.

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



Table 2A - Appropriation Level – Debt Service – Water System Debt Service Coverage Calculation Budget Amendment Explanation

For purposes of Debt Service coverage, the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense is calculated to determine net revenues to for Debt Service Coverage. The Board adopts the Debt Service amount shown on line 15 of the Water System Debt Service Coverage Calculation table on the previous page. This is the amount necessary to pay the principal and interest on all Regional Water System bonds and to restore any reserves therefore established in the Master Bond Ordinance.



Quarterly Budget Amendment Report
FY 2024 Ending December 31, 2023

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

Sewer System - Debt Service Coverage Calculation	1st Quarter FY 2024		1Q Adjustment to Local System		FY 2024 Amended Budget		2nd Quarter FY 2024		2Q Adjustment to Local System		FY 2024 Amended Budget	
	Adopted Budget	Amendments Regional System	Amendments Local System	Budget	Budget	Amendments Regional System	Amendments Local System	Budget	Budget			
Revenues												
1 Regional System Wholesale Revenues	\$ 493,169,700	\$ -	\$ -	\$ -	\$ 493,169,700	\$ (14,833,000)	\$ -	\$ -	\$ 478,336,700			
2 Local System Revenues	83,940,300	-	-	-	83,940,300	-	-	-	83,940,300			
3 Miscellaneous Revenue (Local System)	8,500,000	-	-	-	8,500,000	-	-	-	8,500,000			
4 Non-Operating Revenue (Regional System)	7,457,300	9,317,000	-	-	16,774,300	1,301,000	-	-	18,075,300			
5 Total Revenues	\$ 593,067,300	\$ 9,317,000	\$ -	\$ -	\$ 602,384,300	\$ (13,532,000)	\$ -	\$ -	\$ 588,852,300			
Revenue Requirements												
Operations & Maintenance Expense												
6 Regional System Wholesale Expenses	\$ 205,643,700	\$ 14,484,700	\$ -	\$ -	\$ 220,128,400	\$ 1,897,100	\$ -	\$ -	\$ 222,025,500			
7 Local System Expenses	55,655,400	-	-	-	55,655,400	-	-	-	55,655,400			
8 GRS Pension allocable to Regional System	-	-	-	-	-	-	-	-	-			
9 GRS Pension allocable to Local System	-	-	-	-	-	-	-	-	-			
10 Total Operations & Maintenance Expense	261,299,100	14,484,700	-	-	275,783,800	1,897,100	-	-	277,680,900			
11 Net Revenues after Operations & Maintenance Expense	\$ 331,768,200	\$ (5,167,700)	\$ -	\$ -	\$ 326,600,500	\$ (15,429,100)	\$ -	\$ -	\$ 311,171,400			
Debt Service by Lien												
12 Senior Lien Bonds	\$ 155,429,200	\$ 3,510,900	\$ -	\$ -	\$ 158,940,100	\$ -	\$ -	\$ -	\$ 158,940,100			
13 Second Lien Bonds	53,273,500	106,600	-	-	53,380,100	-	-	-	53,380,100			
14 SRF Junior Lien Bonds	51,847,200	(164,200)	-	(48,600)	51,634,400	(806,100)	-	(59,500)	50,828,300			
15 Total Debt Service	\$ 260,549,900	\$ 3,453,300	\$ -	\$ (48,600)	\$ 263,954,600	\$ (806,100)	\$ -	\$ (59,500)	\$ 263,148,500			
Debt Service Coverage												
16 Senior Lien Bonds (11)/(12)	2.13	(0.08)	0.00	0.00	2.05	(0.10)	0.00	0.00	1.96			
17 Second Lien Bonds (11)/[(12)+(13)]	1.59	(0.05)	0.00	0.00	1.54	(0.07)	0.00	0.00	1.47			
18 SRF Junior Lien Bonds (11)/(15)	1.27	(0.04)	0.00	0.00	1.24	(0.05)	0.00	0.00	1.18			

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The approved GLWA budget was based on preliminary DWSD budget information.

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



Table 2B - Appropriation Level - Debt Service - Sewer System Debt Service Coverage Calculation Budget Amendment Explanation

For purposes of Debt Service coverage, the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense is calculated to determine net revenues to for Debt Service Coverage. The Board adopts the Debt Service amount shown on line 15 of the Sewer System Debt Service Coverage Calculation table on the previous page. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

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

Water Improvement & Extension Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Inflows					
Water System Transfers In from General Operating	\$ 30,178,200	\$ (8,590,300)	\$ (5,403,800)	\$ 16,184,100	\$ 13,861,900
Earnings on Investments (a)	1,694,800	510,400	860,000	3,065,200	3,624,600
Net Use (Increase) of Reserves	(10,926,100)	26,139,300	(16,568,100)	(1,354,900)	-
Total Inflows	\$ 20,946,900	\$ 18,059,400	\$ (21,111,900)	\$ 17,894,400	\$ 17,486,500
Outflows					
Water System Revenue Transfers Out (a)	\$ 1,694,800	\$ 510,400	\$ 860,000	\$ 3,065,200	\$ 2,797,600
Capital Spending - Other	-	-	-	-	1,690,200
Capital Outlay	11,539,100	(3,488,000)	2,278,100	10,329,200	3,945,200
Revenue Financed Capital - Transfer to/(from) Construction Fund	7,713,000	21,037,000	(24,250,000)	4,500,000	-
Total Outflows	\$ 20,946,900	\$ 18,059,400	\$ (21,111,900)	\$ 17,894,400	\$ 8,433,000

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.



Table 3A - Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation

Revenues/Inflows

- A. **Transfers In from General Operating** - The proposed budget amendment is to match the amount available for transfer from the FY 2024 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).
- B. **Earnings on Investments** - The increase is based on the revised interest rates. Note: There is a corresponding transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance. The net effect on the I&E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges.
- C. **Net Use (Increase) of Reserves** - 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.

Expenditures/Outflows

- A. **Water System Revenue Transfers Out (Earnings on Investments)** - The increase is based on the revised interest rates. Note: 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 in activity between the two lines represents a timing difference.
- B. **Capital Spending – Other** - No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing as well as other unique, nonrecurring projects/purchases for the betterment of the system. Note that the amount in the actual column at December 31, 2023 was reclassified to a more appropriate category in February 2024.
- C. **Capital Outlay** - The proposed budget amendment reflects an increase in spending of \$2.2 million due to power supply upgrades and the ovation system project.
- D. **Revenue Financed Capital** – Transfer to/(from) Construction Fund - The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

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

Sewer Improvement & Extension Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Inflows					
Sewer System Transfers In from General Operating	\$ 30,172,600	\$ (5,238,500)	\$ (14,623,000)	\$ 10,311,100	\$ 14,337,900
Sewer System Transfers In from Construction Fund	-	-	12,775,200	12,775,200	-
Earnings on Investments (a)	2,133,000	2,426,700	1,870,700	6,430,400	3,412,400
Net Use (Increase) of Reserves	(15,202,100)	40,795,300	(35,025,900)	(9,432,700)	-
Total Inflows	\$ 17,103,500	\$ 37,983,500	\$ (35,003,000)	\$ 20,084,000	\$ 17,750,300
Outflows					
Sewer System Revenue Transfers Out (a)	\$ 2,133,000	\$ 2,426,700	\$ 1,870,700	\$ 6,430,400	\$ 3,232,000
Capital Spending - Other	-	-	-	-	2,717,300
Capital Outlay	14,970,500	(3,443,200)	1,126,300	12,653,600	3,142,400
Revenue Financed Capital - Transfer to/(from) Construction Fund	-	39,000,000	(38,000,000)	1,000,000	-
Total Outflows	\$ 17,103,500	\$ 37,983,500	\$ (35,003,000)	\$ 20,084,000	\$ 9,091,700

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.



Table 3B - Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations

Revenues/Inflows

- A. Transfers In from General Operating - The proposed budget amendment is to match the amount available for transfer from the FY 2024 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).
- B. Transfers in from Construction Fund – The proposed budget amendment is the portion of the \$25 million PA 53 ARPA grant for capital project expenditures that were paid with I&E funds.
- C. Earnings on Investments - The increase is based on the revised interest rates. Note: There is a corresponding transfer of earnings back to the general operating fund as allowed by the Master Bond Ordinance. The net effect on the I&E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges.
- D. Net Use (Increase) of Reserves - 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.

Expenditures/Outflows

- A. Sewer System Revenue Transfers Out (Earnings on Investments) - The increase is based on the revised interest rates. Note that 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 in activity between the two lines represents a timing difference.
- B. Capital Spending – Other - No budget amendment is required. This line represents an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing as well as other unique, nonrecurring projects/purchases for the betterment of the system. Note that the amount in the actual column at December 31, 2023 was reclassified to a more appropriate category in February 2024.
- C. Capital Outlay - The proposed budget amendment reflects an increase in spending of \$1.2 million primarily due to flow meter replacements for circular primary clarifiers within the wastewater primary process.



Quarterly Budget Amendment Report
FY 2024 Ending December 31, 2023

D. Revenue Financed Capital – Transfer to/(from) Construction Fund - The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects.

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

Water Construction Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Inflows					
Transfer (to)/from Improvement & Extension Fund	\$ 7,713,000	\$ 21,037,000	\$ (24,250,000)	\$ 4,500,000	\$ -
Bond Proceeds	-	150,000,000	-	150,000,000	150,570,000
Bond Fund Earnings on Investments	1,864,700	3,500,000	1,500,000	6,864,700	3,312,000
Grant Revenues (SRF Loans)	97,102,000	(34,297,000)	(497,900)	62,307,100	22,894,300
Grant Revenues	-	-	5,000,000	5,000,000	-
Net Use (Increase) of Reserves	132,580,300	(154,500,000)	(16,752,100)	(38,671,800)	-
Total Inflows	\$ 239,260,000	\$ (14,260,000)	\$ (35,000,000)	\$ 190,000,000	\$ 176,776,300
Outflows					
Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ 206,000
Capital Improvement Plan (a)	239,260,000	-	-	239,260,000	83,098,900
Capital Spend Rate Adjustment	-	(14,260,000)	(35,000,000)	(49,260,000)	-
Total Outflows (a)	\$ 239,260,000	\$ (14,260,000)	\$ (35,000,000)	\$ 190,000,000	\$ 83,304,900
<i>Capital Spending Ratio</i>	<i>100.0%</i>	<i>94.0%</i>	<i>79.4%</i>	<i>79.4%</i>	

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.



Appropriation Level – Construction Fund – Water System Budget Amendment Explanations

Revenues/Inflows

- A. Transfers (to)/from Improvement & Extension Fund - The proposed budget amendment is to match the amount available for transfer to the FY 2024 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer to/from Construction Fund line on the Appropriation Level-Improvement & Extension Fund-Water System table). The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects.
- B. Bond Proceeds - Bond Proceeds - No budget amendment is proposed at this time – a final analysis is being prepared for the November 2023 transaction that closed in December 2023. An amendment will be needed for FY 2024 Q3 based on settlement of final cost of issuance expenses.
- C. Earnings on Investments - The proposed budget amendment reflects an adjustment based on the revised interest rates provided by the Authority’s investment advisor.
- D. Grant Revenues - (State Revolving Fund Loans) - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuates with project expenditures incurred. The proposed amendment reflects the timing of project design and construction activity.
- E. Grant Revenues – Other – The proposed budget is for an anticipated \$5 million PA53 ARPA grant from the State of Michigan.
- F. Net Use (increase) of Reserves - 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 94.0% to 79.4% as well as the changes in revenues from Bond proceeds, SRF loans, and transfer (to)/from the I&E fund.



Quarterly Budget Amendment Report FY 2024 Ending December 31, 2023

Expenditures/Outflows

- A. Transfers Out – The actual amount is the cost of issuance expenses that were paid on the 2023 bond issue. - No budget amendment is proposed at this time – a final analysis is being prepared for the November 2023 transaction that closed in December 2023. An amendment will be needed for FY 2024 Q3 based on settlement of final cost of issuance expenses.
- B. Capital Improvement Plan - This line represents an adjustment to the Capital Spend Ratio for the Water Capital Improvement Plan which is forecasted to decrease from 94.0% to 79.4%. This adjustment is based on a review of the spend projections for FY 2024 and discussions with project personnel.
- C. Capital Spend Rate Adjustment (CSRA) - T The CSRA 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. 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. For FY 2024 that rate was 100%. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The proposed budget amendment represents the decrease in the projected Capital Spend Rate for the Sewer CIP from 94.0% to 79.4%.



Quarterly Budget Amendment Report
 FY 2024 Ending December 31, 2023

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

Sewer Construction Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	Total 2nd Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 12/31/2023
Inflows					
Transfer (to)/from Improvement & Extension Fund	\$ -	\$ 39,000,000	\$ (38,000,000)	\$ 1,000,000	\$ -
Bond Proceeds	-	100,000,000	-	100,000,000	100,315,500
Bond Fund Earnings on Investments	2,365,600	4,500,000	1,750,000	8,615,600	4,151,000
Grant Revenues (SRF Loans)	47,253,000	7,423,000	(5,251,500)	49,424,500	15,112,200
Grant Revenues			25,000,000	25,000,000	
Net Use (Increase) of Reserves	149,442,400	(184,984,000)	4,276,700	(31,264,900)	-
Total Inflows	\$ 199,061,000	\$ (34,061,000)	\$ (12,224,800)	\$ 152,775,200	\$ 119,578,700
Outflows					
Transfer Out	\$ -	\$ -	\$ 12,775,200	\$ 12,775,200	\$ 129,200
Capital Improvement Plan (a)	199,061,000	-	-	199,061,000	57,082,200
Capital Spend Rate Adjustment	-	(34,061,000)	(25,000,000)	(59,061,000)	-
Total Outflows (a)	\$ 199,061,000	\$ (34,061,000)	\$ (12,224,800)	\$ 152,775,200	\$ 57,211,400
<i>Capital Spending Ratio</i>	100.0%	82.9%	76.7%	76.7%	

(a) The Capital Improvement Plan (CIP) amount shown agrees with the amount adopted by the Board of Directors for FY 2024 for the five-year CIP.
 (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 – Construction Fund – Sewer System Budget Amendment Explanations

Revenues/Inflows

- A. Transfers (to)/from Improvement & Extension Fund - The proposed budget amendment is to match the amount available for transfer from the FY 2024 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer to/from Construction Fund line on the Appropriation Level-Improvement & Extension Fund-Sewer System table). The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects.
- B. Bond Proceeds - No budget amendment is proposed at this time – a final analysis is being prepared for the November 2023 transaction that closed in December 2023. An amendment will be needed for FY 2024 Q3 based on settlement of final cost of issuance expenses.
- C. Bond Fund Earnings on Investments - The proposed budget amendment reflects an adjustment based on the revised interest rates provided by the Authority’s investment advisor for these restricted assets.
- D. Grant Revenues (State Revolving Fund Loans) - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of funds fluctuates with project expenditures incurred. The proposed amendment reflects the timing of project design and construction activity.
- E. Grant Revenues - The proposed budget is for the \$25 million PA53 American Rescue Plan Act) (ARPA) grant received in February 2024 from the State of Michigan to support capital program activities.
- F. Net Use (Increase) of Reserves - 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 offset by bond proceeds.

Expenditures/Inflows

- A. Transfers Out (to the I&E Fund)- The proposed budget amendment is the portion of the \$25 million PA 53 ARPA grant for project expenditures that were paid with I&E funds.
- B. Capital Improvement Plan – The Capital Improvement Plan (CIP) amount shown agrees with the amount adopted by the Board of Directors for FY 2024 for the five-year CIP. There is no change to this line.
- C. Capital Spend Rate Adjustment (CSRA) - T The CSRA 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



Quarterly Budget Amendment Report FY 2024 Ending December 31, 2023

reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. 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. For FY 2024 that rate was 100%. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The proposed budget amendment represents the decrease in the projected Capital Spend Rate for the Sewer CIP from 82.9% to 76.7%.