



**FY 2025 Second Quarter
Budget Amendment Report
Through December 31, 2024
& Proposed Budget Amendment
Resolution**

Presented to the Audit Committee
March 28, 2025



Financial Services Audit Committee Communication

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. For this second quarter FY 2025 budget amendment, the focus has been on high level adjustments as the staff continue to work through the implementation of Workday. Overall, with these proposed amendments the budget is materially in line with current activity.

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 Revenue Requirement
- B. Sewer System Revenue Requirement
- C. I&E Funding History*
- D. Operations & Maintenance by Fund – Water System and Sewer System*
- E. Operations & Maintenance by Service Area*
- F. Unallocated Reserve by Service Area*

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

- A. Water System Debt Service Coverage Calculation
- B. Sewer System Debt Service Coverage Calculation
- C. Water System Flow of Funds Basis*
- D. Sewer System Flow of Funds Basis*

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



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Table 1A - Water System Revenue Requirement – Appropriation Level

Water System	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Revenues					
Revenue from Charges					
Wholesale Charges	\$ 347,758,000	\$ -	\$ -	\$ 347,758,000	\$ 176,613,843
Less: Bad Debt Expense	-	-	-	-	-
Local System Charges	27,094,800	-	-	27,094,800	13,547,400
Total Revenue from Charges	374,852,800	-	-	374,852,800	190,161,243
Investment Earnings					
Unrestricted	6,692,200	-	5,085,800	11,778,000	6,373,664
Restricted for Debt Service	3,182,100	-	16,900	3,199,000	1,880,252
Total Investment Earnings	9,874,300	-	5,102,700	14,977,000	8,253,916
Other Revenue	400,000	-	-	400,000	232,769
Total Revenues	\$ 385,127,100	\$ -	\$ 5,102,700	\$ 390,229,800	\$ 198,647,928
Revenue Requirements					
Operations & Maintenance Expense	\$ 169,625,000	\$ -	\$ 5,000,000	\$ 174,625,000	\$ 88,567,051
Debt Service	175,300,800	-	(12,137,400)	163,163,400	87,574,420
General Retirement System Pension	2,283,300	-	(630,000)	1,653,300	1,141,650
Water Residential Assistance					
Program Contribution	1,947,800	-	(71,300)	1,876,500	973,902
Extraordinary Repair & Replacement Deposit	-	-	906,400	906,400	-
Regional System Lease	22,500,000	-	-	22,500,000	11,250,000
Working Capital Requirement	6,200,000	-	-	6,200,000	-
Improvement & Extension Fund					
Transfer Pending	7,270,200	-	12,035,000	19,305,200	3,635,100
Total Revenue Requirements	\$ 385,127,100	\$ -	\$ 5,102,700	\$ 390,229,800	\$ 193,142,123
Net Actual to Date					\$ 5,505,805

Table 1A Commentary - Water System - Revenue Requirement – Appropriation Level

Revenues

Increase to the Water System revenues of \$5.1 million is the net of the following.

- *\$5.1 million Investment Earnings increase* – Based on a detailed analysis of the projected investment earnings and cash flows for the year based on actual through December 31, 2024. Actual rate of return on investments exceeded the projections.

Revenue Requirements

Net increase to the Revenue Requirements of \$5.1 million is net of the following.

- *Increase of \$5 million in Operation & Maintenance Expense* – Increase in costs of \$3 million for chemical purchases related to the corrosion control program and an initial estimate of \$2 million for the southwest Detroit water main break repairs. The



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adjustment for the water main break repairs will be in the Field Service Operations area, Contractual Operating Services All Water.

- *\$12.1 million Debt Service decrease* - The bond refunding transaction in June 2024 also included a debt reserve release of \$16 million. This resulted in a large decrease in debt service for FY 2025. In addition, there is a delay in the issuance of new money bonds in FY 2025. While this is good news for FY 2025, the FY 2026 debt requirement will likely increase to \$179 million.
- *\$0.6 million General Retirement System Pension decrease* - This is a result of using the prepaid administrative fees to offset the required FY 2025 contribution.
- *\$71,300 decrease in WRAP* - For the correcting adjustment presented in [Board item 2024-120A](#) from June 2024 Board meeting presentation on the FY 2025 WRAP Funding Report
- *\$0.9 million increase in ER&R Deposit* - Due to increase in O&M expense, the required deposit also decreases. The ER&R funding is 15% of the combined budgeted operations and maintenance expenses of both the regional and local system.
- *Working Capital Requirement* - No budget adjustment for the second quarter. This will be analyzed for next budget amendment.
- The overall net increase of the amendments to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of \$12 million. The positive impact on those funds will help to offset unexpected capital improvement program needs such as the southwest Detroit water main.



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

Sewer System	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Revenues					
Revenue from Charges					
Wholesale Charges	\$ 287,517,600	\$ -	\$ (130,800)	\$ 287,386,800	\$ 144,029,689
Less: Bad Debt Expense	-	-	-	-	-
Local System Charges	205,924,800	-	-	205,924,800	102,962,400
Industrial Waste Control	8,719,300	-	-	8,719,300	4,417,972
Pollutant Surcharges	5,434,400	-	-	5,434,400	2,390,508
Total Revenue from Charges	507,596,100	-	(130,800)	507,465,300	253,800,569
Investment Earnings					
Unrestricted	10,494,500	-	5,656,500	16,151,000	8,874,457
Restricted for Debt Service	1,861,500	-	2,142,500	4,004,000	2,309,688
Total Investment Earnings	12,356,000	-	7,799,000	20,155,000	11,184,145
Other Revenue	700,000			700,000	148,352
Total Revenues	\$ 520,652,100	\$ -	\$ 7,668,200	\$ 528,320,300	\$ 265,133,066
Revenue Requirements					
Operations & Maintenance Expense	\$ 228,934,000	\$ -	\$ 2,500,000	\$ 231,434,000	\$ 116,924,058
Debt Service	226,279,400	-	(8,107,900)	218,171,500	113,432,597
General Retirement System Pension	4,846,300	-	(1,127,500)	3,718,800	2,423,148
Water Residential Assistance Program Contribution	2,651,700	-	(110,200)	2,541,500	1,325,850
Extraordinary Repair & Replacement Deposit	-	-	-	-	-
Regional System Lease	27,500,000	-	-	27,500,000	13,750,002
Working Capital Requirement	2,300,000	-	-	2,300,000	-
Improvement & Extension Fund Transfer Pending	28,140,700	-	14,513,800	42,654,500	14,070,348
Total Revenue Requirements	\$ 520,652,100	\$ -	\$ 7,668,200	\$ 528,320,300	\$ 261,926,003
Net Actual to Date					\$ 3,207,063

Table 1B Commentary - Sewer System - Revenue Requirement – Appropriation Level

Revenues

Net increase to Sewer System revenues of \$7.7 million is largely due to the following.

- *Wholesale Charges decrease of \$103,800* – Per November 21, 2024 [Board item 2024-399](#) memo to the Board on Clarification – FY 2025 Sewer Service Charge for the City of Highland Park based on the contract agreement.
- *\$7.8 million investment earnings increase* – Based on a detailed analysis of the projected investment earnings and cash flows for the year based on actual through December 31, 2024. Actual rate of return on investments exceeded the projections.

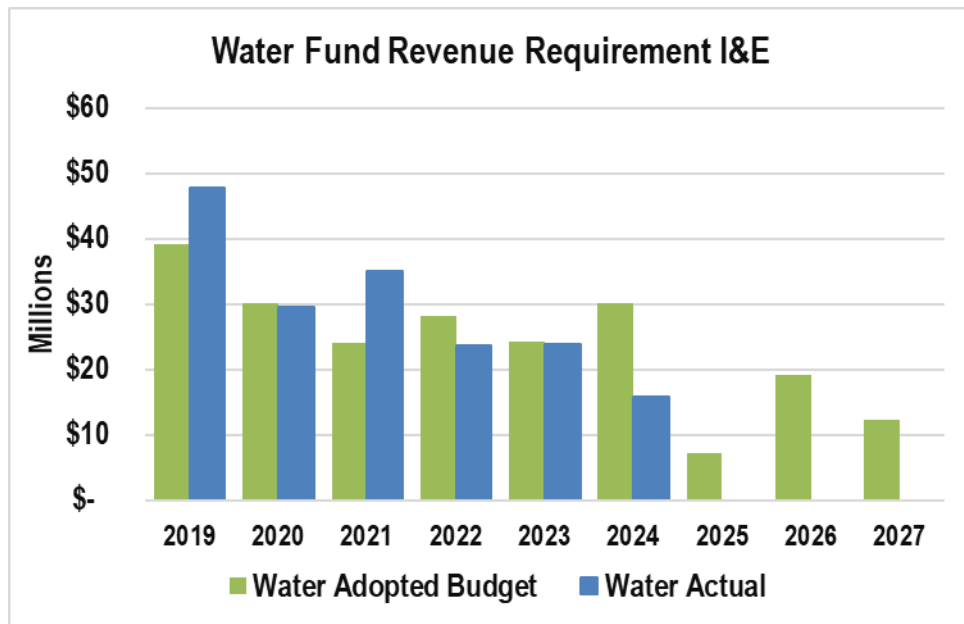


Revenue Requirements

Net increase to the Revenue Requirements of \$7.7 million is the result of the following.

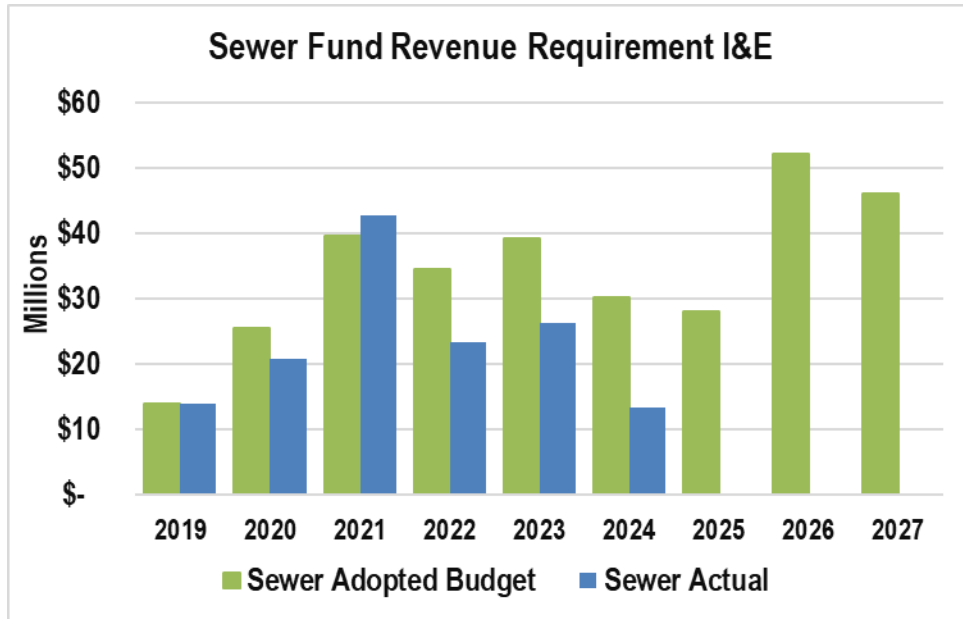
- *Increase in Operations & Maintenance Expense of \$2.5 million* – This is due to the estimated sewer system chemical usage as a result of the corrosion control program.
- *\$8.1 million Debt Service decrease* – This is a result of the bond refunding transaction in June 2024 which also included a debt reserve release of \$16 million. Note that the FY 2026 debt requirement is expected to increase to \$220 million.
- *\$1.1 million General Retirement System Pension decrease* – As a result of using the prepaid administrative fees to offset the required FY 2025 contribution.
- *\$110,200 decrease in WRAP* - For the adjustment presented in [Board item 2024-120A](#) from June 2024 Board meeting presentation on the FY 2025 WRAP Funding Report
- *Working Capital Requirement* – No budget adjustment for the second quarter. This will be analyzed for next budget amendment.
- The overall net increase of the amendments to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of \$14.5 million. This adjustment helps to recover from negative variances in prior years.

Table 1C - Supplemental Information - Historical I&E Funding - Water and Sewer System





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The current budget amendments result in additional funds available for I&E purposes assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. It should be noted that these increases help to offset the declining nature of the funds set aside to reduce capital financing.

Table 1D - Supplemental Information - Operations & Maintenance by Fund - Water System and Sewer System

System	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Water System	\$ 169,625,000	\$ -	\$ 5,000,000	\$ 174,625,000	\$ 88,567,051
Sewer System	228,934,000	-	2,500,000	231,434,000	116,924,058
Total	\$ 398,559,000	\$ -	\$ 7,500,000	\$ 406,059,000	\$ 205,491,108

Totals may be off due to rounding.

This table summarizes the total Operations and Maintenance Expense for each System.



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Table 1E - Supplemental Information – Operations and Maintenance by Service Area

Operating Area	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
A Water System Operations	\$ 94,669,900	\$ -	\$ 3,000,000	\$ 97,669,900	\$ 47,821,266
B Wastewater System Operations	147,245,100	-	2,500,000	149,745,100	73,645,587
C Centralized Services	116,980,200	-	2,000,000	118,980,200	65,514,235
D Administrative Services	39,663,800	-		39,663,800	18,523,060
Employee Benefits					(13,040)
Total	\$ 398,559,000	\$ -	\$ 7,500,000	\$ 406,059,000	\$ 205,491,108

Totals may be off due to rounding.

The \$7.5 million total in FY 2025 Q2 budget amendments is attributable to 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., financial services, public affairs, general counsel, and organizational development). The costs of the latter two categories, centralized and administrative, are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

Table 1F - Supplemental Information - Unallocated Reserve by Service Area

O&M Unallocated Reserves	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Water System Operations	\$ 5,131,000	\$ -	\$ -	\$ 5,131,000	\$ -
Wastewater System Operations	4,251,400	-	-	4,251,400	-
Centralized Services	2,071,000	-	-	2,071,000	-
Administrative & Other Services	752,000	-	-	752,000	-
Total	\$ 12,205,400	\$ -	\$ -	\$ 12,205,400	\$ -

Totals may be off due to rounding.

An Unallocated Reserve account is established for each of the four service areas. A 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 a service 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. In this high-level budget amendment for the second quarter, no change was made to the unallocated reserves.



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

Water System Debt Service Coverage Calculation	Adopted Budget	FY 2025 Amendments						Amended Budget
		1st Quarter			2nd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	
Revenues								
GLWA Revenues								
Wholesale Charges	\$ 347,758,000	\$ -			\$ -			\$ 347,758,000
Local System Charges	27,094,800	-			-			27,094,800
Investment Earnings & Other Revenues	10,274,300	-			5,102,700			15,377,000
Total GLWA Revenues	385,127,100	-		-	5,102,700			390,229,800
Local System Revenues	91,543,300		-	538,100		-	-	92,081,400
Miscellaneous Revenue (Local System)	4,336,300		-	(636,300)		-	-	3,700,000
Total Revenues	481,006,700	-	-	(98,200)	5,102,700	-	-	486,011,200
Operations & Maintenance Transfers								
GLWA Regional System	169,625,000	-		-	5,000,000			174,625,000
DWSD Local System	46,614,900	-	-	(146,200)	-	-	-	46,468,700
Total Operations & Maintenance Transfers	216,239,900	-	-	(146,200)	5,000,000	-	-	221,093,700
Pledged Revenue	\$ 264,766,800	\$ -	\$ -	\$ 48,000	\$ 102,700	\$ -	\$ -	\$ 264,917,500
Debt Service by Lien								
Senior Lien Bonds	\$ 151,609,800	\$ -	\$ -	\$ -	\$ (11,872,700)	\$ -	\$ -	\$ 139,737,100
Second Lien Bonds	51,930,500	-	-	-	(1,233,200)	-	-	50,697,300
Junior Lien Bonds	18,368,100	-	-	(1,314,900)	968,500	-	(112,800)	17,908,900
Total Debt Service **	\$ 221,908,400	\$ -	\$ -	\$ (1,314,900)	\$ (12,137,400)	\$ -	\$ (112,800)	\$ 208,343,300
Debt Service Coverage								
Senior Lien Bonds	1.75							1.90
Senior and Second Lien Bonds	1.30							1.39
All bonds, including SRF Junior Lien Bonds	1.19							1.27

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Local System column is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

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

For purposes of Debt Service coverage, the Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense is combined to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Total Debt Service** amount shown on the Water System Debt Service Coverage Calculation table. This is the amount necessary to pay the principal and interest on all Regional Water System bonds.



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

Sewer System Debt Service Coverage Calculation	Adopted Budget	FY 2025 Amendments						Amended Budget
		1st Quarter			2nd Quarter			
		Regional System	Local System	Adjustment to Local System	Regional System	Local System	Adjustment to Local	
Revenues								
GLWA Revenues								
Wholesale Charges	\$ 287,517,600	\$ -			\$ (130,800)			\$ 287,386,800
Local System Charges	205,924,800	-			-			205,924,800
Investment Earnings & Other Revenues	13,056,000	-			7,799,000			20,855,000
Total GLWA Revenues	506,498,400	-			7,668,200			514,166,600
Local System Revenues	82,938,500		-	2,711,500		-		85,650,000
Miscellaneous Revenue (Local System)	8,755,000		-	(755,000)		-		8,000,000
Total Revenues	598,191,900	-	-	1,956,500	7,668,200	-	-	607,816,600
Operations & Maintenance Transfers								
GLWA Regional System	228,934,000	-			2,500,000			231,434,000
DWSD Local System	57,986,800		-	(629,900)		-		57,356,900
Total Operations & Maintenance Transfers	286,920,800	-	-	(629,900)	2,500,000	-	-	288,790,900
Pledged Revenue	\$ 311,271,100	\$ -	\$ -	\$ 2,586,400	\$ 5,168,200	\$ -	\$ -	\$ 319,025,700
Debt Service by Lien								
Senior Lien Bonds	\$ 157,316,400	\$ -	\$ -	\$ -	\$ (5,188,200)	\$ -	\$ -	\$ 152,128,200
Second Lien Bonds	53,776,500	-	-	-	(465,400)	-	-	53,311,100
Junior Lien Bonds	47,436,600	-	-	-	(2,454,300)	-	(107,000)	44,875,300
Total Debt Service **	\$ 258,529,500	\$ -	\$ -	\$ -	\$ (8,107,900)	\$ -	\$ (107,000)	\$ 250,314,600
Debt Service Coverage								
Senior Lien Bonds	1.98							2.10
Senior and Second Lien Bonds	1.47							1.55
All bonds, including SRF Junior Lien Bonds	1.20							1.27

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Adjustment to Local System column is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

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

For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Total Debt Service** amount shown on the Sewer System Debt Service Coverage Calculation table. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds.



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Table 2C – Supplemental Information – Water System Flow of Funds Basis

Water System Flow of Funds Basis	FY 2025							Amended Budget
	Adopted Budget	Amendments					Amended Budget	
		1st Quarter			2nd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	
Revenues								
Regional System Revenues								
Wholesale Charges	\$ 347,758,000	\$ -			\$ -			\$ 347,758,000
Local System Charge	27,094,800	-			-			27,094,800
Total Regional System Wholesale Revenues	374,852,800	-			-			374,852,800
DWSD Local System Revenues -								
Detroit Customers	91,543,300		-	538,100		-		92,081,400
Miscellaneous Revenue (Local System)	4,336,300			(636,300)				3,700,000
Investment Earnings & Other Revenues (Regional System)	10,274,300	-			5,102,700			15,377,000
Total Revenues	\$ 481,006,700	\$ -	\$ -	\$ (98,200)	\$ 5,102,700	\$ -	\$ -	\$ 486,011,200
Revenue Requirements								
Operations & Maintenance Expense								
Regional System	\$ 169,625,000	\$ -			\$ 5,000,000			\$ 174,625,000
Local System	46,614,900			1,031,300				47,646,200
Less Shared Service Revenue				(1,177,500)				(1,177,500)
Net Local System O&M Transfer	46,614,900			(146,200)				46,468,700
Total Operations & Maintenance Expense	216,239,900	-	-	(146,200)	5,000,000	-	-	221,093,700
Nonoperating Requirements								
Allocable Debt Service								
Regional System	175,300,800	-			(12,137,400)			163,163,400
Local System	46,607,600			(1,314,900)			(112,800)	45,179,900
GRS Pension								
Regional System	2,283,300	-			(630,000)			1,653,300
Local System	1,612,400						(445,000)	1,167,400
WRAP Contribution								
Regional System	1,947,800	-			(71,300)			1,876,500
Local System	888,500			(1,200)				887,300
Regional System								
ER&R Fund Deposit	-	-			906,400			906,400
Working Capital Requirement	6,200,000	-			-			6,200,000
Lease Payment to Local System I&E Account	22,500,000	-			-			22,500,000
Reserve for Revenue Financed Capital from Net Revenues								
Regional System	7,270,200	-			12,035,000			19,305,200
Local System	156,200			1,364,100			557,800	2,078,100
Total Revenue Requirements	\$ 481,006,700	\$ -	\$ -	\$ (98,200)	\$ 5,102,700	\$ -	\$ -	\$ 486,011,200

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

The Adopted Budget Column was based on preliminary DWSD budget information.

The 1st Quarter column Adjustment to Adopted Local System is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

The 2nd Quarter column Adjustment to Local System is to recognize known changes that DWSD has not amended their budget for but that are taken into account for the MBO monthly flow of funds.

This schedule is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.



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Table 2D – Supplemental Information – Sewer System Flow of Funds Basis

Sewer System Flow of Funds Basis	Adopted Budget	FY 2025 Amendments						Amended Budget
		1st Quarter			2nd Quarter			
		Regional System	Local System	Adjustment to Adopted Local System	Regional System	Local System	Adjustment to Local System	
Revenues								
Regional System Revenues								
Wholesale Charges	\$ 287,517,600	\$ -			\$ (130,800)		\$ 287,386,800	
Local System Charge	205,924,800	-			-		205,924,800	
Industrial Waste Control	8,719,300	-			-		8,719,300	
Pollutant Surcharges	5,434,400	-			-		5,434,400	
Total Regional System Wholesale Revenues	507,596,100	-			(130,800)		507,465,300	
DWSD Local System Revenues -								
Detroit Customers	82,938,500			2,711,500		-	85,650,000	
Miscellaneous Revenue (Local System)	8,755,000			(755,000)		-	8,000,000	
Other Revenues & Investment Earnings (Regional System)	13,056,000				7,799,000		20,855,000	
Total Revenues	\$ 612,345,600	\$ -	\$ -	\$ 1,956,500	\$ 7,668,200	\$ -	\$ 621,970,300	
Revenue Requirements								
Operations & Maintenance Expense								
Regional System	\$ 228,934,000	\$ -			\$ 2,500,000		\$ 231,434,000	
Local System	57,986,800			692,600		-	58,679,400	
Less Shared Service Revenue	-			(1,322,500)		-	(1,322,500)	
Net Local System O&M Transfer	57,986,800			(629,900)		-	57,356,900	
Total Operations & Maintenance Expense	286,920,800	-	-	(629,900)	2,500,000	-	288,790,900	
Nonoperating Requirements								
Allocable Debt Service								
Regional System	226,279,400				(8,107,900)		218,171,500	
Local System	32,250,100					(107,000)	32,143,100	
GRS Pension								
Regional System	4,846,300				(1,127,500)		3,718,800	
Local System	1,279,900					(297,500)	982,400	
WRAP Contribution								
Regional System	2,651,700				(110,200)		2,541,500	
Local System	1,343,500			18,700			1,362,200	
Regional System								
ER&R Fund Deposit	-						-	
Working Capital Requirement	2,300,000						2,300,000	
Lease Payment to Local System I&E Account	26,333,200			1,166,800			27,500,000	
Reserve for Revenue Financed Capital from Net Revenues								
Regional System	28,140,700				14,513,800		42,654,500	
Local System	-			1,400,900		404,500	1,805,400	
Total Revenue Requirements	\$ 612,345,600	\$ -	\$ -	\$ 1,956,500	\$ 7,668,200	\$ -	\$ 621,970,300	

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

The Adopted Budget Column was based on preliminary DWSD budget information.

The 1st Quarter column Adjustment to Adopted Local System is to align the schedule with the DWSD budget which was adopted on March 20, 2024.

The 2nd Quarter column Adjustment to Local System is to recognize known changes that DWSD has not amended their budget for but that are taken into account for the MBO monthly flow of funds.

This schedule is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.



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

Water Improvement & Extension Fund	FY 2025				Activity Thru 12/31/2024
	Adopted Budget	Amendments		Amended Budget	
		1st Quarter	2nd Quarter		
Inflows					
Transfer from Water Operations Fund - Revenue Transfers	\$ 7,270,200	\$ -	\$ 12,035,000	\$ 19,305,200	\$ 3,635,100
Grant Revenues & Capital Contributions	-	-	-	-	-
Investment Earnings (a)	938,700	-	4,990,300	5,929,000	3,547,372
Total Inflows	8,208,900	-	17,025,300	25,234,200	7,182,472
Outflows					
Transfer to Water Operations Fund - Investment Earnings (a)	938,700	-	4,990,300	5,929,000	366,783
Capital Improvement Plan funded by I&E	-	-	-	-	-
Capital Outlay	10,527,800	-	-	10,527,800	5,214,346
Transfer to Construction Fund- Revenue Financed Capital	15,000,000	-	(15,000,000)	-	-
Total Outflows	26,466,500	-	(10,009,700)	16,456,800	5,581,129
Net Increase (Use) of Reserves	(18,257,600)	-	27,035,000	8,777,400	1,601,343
Non-budgeted Inflows (Outflows)					
Unrealized gain on investments	-	-	-	-	19,494
Change in Net Position	(18,257,600)	-	27,035,000	8,777,400	1,620,837
Beginning Net Position	147,212,300			147,212,300	147,212,300
Projected Ending Net Position	\$ 128,954,700	\$ -	\$ 54,070,000	\$ 164,767,100	\$ 148,833,137

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund to then offset revenue requirement needs.

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

Inflows

- *Transfers from Water Operations Fund - Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 revenue requirement based upon general operating fund performance. (see Table 1A - Appropriation Level - Water System Revenue Requirement line item I&E Fund Transfer Pending).



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- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year. Interest rates provided by the Authority's investment advisor previously were below actual earnings 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.

Outflows

- *Transfer to Water Operations Fund – Investment Earnings* - The increase is based on the projected investment earnings. Note: This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as required by the Master Bond Ordinance. Any variance in activity between the two lines represents a timing difference. The larger difference between the two lines for the period presented is a result of a reclassification that will be posted in March 2025.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Capital Outlay* – There are no proposed budget amendments for this quarter.
- *Transfer to Construction Fund - Revenue Financed Capital* –The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for the current fiscal year.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.



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

Sewer Improvement & Extension Fund	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Inflows					
Transfer from Sewer Operations Fund - Revenue Transfers	\$ 28,140,700	\$ -	\$ 14,513,800	\$ 42,654,500	\$ 14,070,348
Grant Revenues & Capital Contributions	-	-	-	-	-
Investment Earnings (a)	1,076,000	-	4,984,000	6,060,000	3,604,387
Total Inflows	29,216,700	-	19,497,800	48,714,500	17,674,735
Outflows					
Transfer to Sewer Operations Fund - Investment Earnings (a)	1,076,000	-	4,984,000	6,060,000	408,734
Capital Spending Other (net operating expenses)	-	-	-	-	11,219
Capital Improvement Plan funded by I&E	-	-	-	-	-
Capital Outlay	12,071,300	-	-	12,071,300	3,610,506
Transfer to Construction Fund- Revenue Financed Capital	5,500,000	-	-	5,500,000	-
Total Outflows	18,647,300	-	4,984,000	23,631,300	4,030,459
Net Increase (Use) of Reserves	10,569,400	-	14,513,800	25,083,200	13,644,276
Non-budgeted Inflows (Outflows)					
Unrealized gain on investments	-	-	-	-	15,855
Change in Net Position	10,569,400	-	14,513,800	25,083,200	13,660,131
Beginning Net Position	138,290,300			138,290,300	138,290,300
Projected Ending Net Position	\$ 148,859,700	\$ -	\$ 14,513,800	\$ 163,373,500	\$ 151,950,431

(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 Commentary- Sewer System - Improvement & Extension Fund - Appropriation Level

Inflows

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 revenue requirement based upon general operating fund performance. (see Table 1B - Appropriation Level - Sewer System Revenue Requirement line item I&E Fund Transfer Pending).



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- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year. Interest rates provided by the Authority’s investment advisor previously were below actual earnings 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.

Outflows

- *Transfer to Sewer Operations Fund- Investment Earnings* - The increase is based on the projected investment earnings. Note: This line offsets Earnings on Investments and represents the transfer of earnings back to the general operating fund as required by the Master Bond Ordinance. Any variance in activity between the two lines represents a timing difference. The larger difference between the two lines for the period presented is a result of a reclassification that will be posted in March 2025.
- *Capital Spending Other* – This category will generally net to zero by year end. ILAG costs and reimbursements fall in this category.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the target use of I&E for capital as well as an adjustment to the projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Capital Outlay* - There are no proposed budget amendments for this quarter.
- *Transfer to Construction Fund - Revenue Financed Capital* - There are no proposed budget amendments for this quarter.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.



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

Water Construction Fund	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Inflows					
Transfer from Water Improvement & Extension Fund	\$ 15,000,000	\$ -	\$ (15,000,000)	\$ -	\$ -
Transfers in from Water Operations Fund					
Bond Proceeds	271,562,500	-	(41,562,500)	230,000,000	-
SRF loan proceeds	30,800,000	-	30,843,600	61,643,600	38,820,138
Investment Earnings	7,953,300	-	(3,288,300)	4,665,000	3,361,186
Grant Revenues & Capital Contributions	-	-	1,240,400	1,240,400	1,240,387
Other Revenue - Sale of Assets	-	-	-	-	-
Total Inflows	325,315,800	-	(27,766,800)	297,549,000	43,421,711
Outflows					
Transfer to Water Operations Fund					
Bond Cost of Issuance	-	-	1,725,000	1,725,000	-
Capital Program	210,000,000	-	-	210,000,000	80,769,989
Total Outflows	210,000,000	-	1,725,000	211,725,000	80,769,989
Net Increase (Use) of Reserves	115,315,800	-	(29,491,800)	85,824,000	(37,348,278)
Beginning Net Position	131,327,100			131,327,100	131,327,100
Projected Ending Net Position	\$ 246,642,900	\$ -	\$ (29,491,800)	\$ 217,151,100	\$ 93,978,822
CIP Plan					
Capital Improvement Plan	\$ 207,333,000			\$ 207,333,000	\$ 207,333,000
Capital Spend Rate Assumption	100%			100%	
Capital Spending Ratio					39%
CIP Financial Plan					
CIP Expenditures paid through Construction Fund	\$ 210,000,000	\$ -	\$ -	\$ 210,000,000	\$ 80,769,989
CIP Expenditures paid through I&E Fund	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 210,000,000	\$ -	\$ -	\$ 210,000,000	\$ 80,769,989



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

Inflows

- *Transfers from Water Improvement & Extension Fund* - The proposed budget amendment is to match the amount available for transfer to the FY 2025 Improvement & Extension Fund (see Table 3A - Appropriation Level - Water System Improvement & Extension Fund line item Revenue Financed Capital - Transfer to Construction Fund). The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for FY 2025.
- *Bond Proceeds* - The budget amendment is to align the budget with the anticipated bond issue in June 2025.
- *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. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [April 2024 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year.
- *Grant Revenues & Capital Contributions* - The budget increase is related to grant funds that have been received.

Outflows

- *Bond Cost of Issuance* - The budget amendment is to align the activity related to the anticipated cost of issuance for the June 2025 bonds.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. No budget amendment is being proposed for this quarter.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2025](#).
- *Capital Spend Rate Assumption* - 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,



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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 (CWIP) report is presented in the [February 2025 Audit Committee binder](#).

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.



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

Sewer Construction Fund	FY 2025				
	Adopted Budget	Amendments		Amended Budget	Activity Thru 12/31/2024
		1st Quarter	2nd Quarter		
Inflows					
Transfer from Sewer Improvement & Extension Fund	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ -
Transfers in from Sewer Operations Fund					
Bond Proceeds	-	-	50,000,000	50,000,000	-
SRF loan proceeds	96,852,000	-	-	96,852,000	45,565,458
Investment Earnings	2,359,000	-	3,701,000	6,060,000	4,104,403
Grant Revenues & Capital Contribution	-	-	-	-	-
Total Inflows	104,711,000	-	53,701,000	158,412,000	49,669,861
Outflows					
Transfer to Sewer Operations Fund					
Bond Cost of Issuance	-		375,000	375,000	-
Capital Program	170,000,000		15,000,000	185,000,000	69,303,533
Total Outflows	170,000,000	-	15,375,000	185,375,000	69,303,533
Net Increase (Use) of Reserves	(65,289,000)	-	38,326,000	(26,963,000)	(19,633,672)
Beginning Net Position	172,408,200			172,408,200	172,408,200
Projected Ending Net Position	\$ 107,119,200	\$ -	\$ 38,326,000	\$ 145,445,200	\$ 152,774,528
CIP Plan					
Capital Improvement Plan	\$ 169,189,000			\$ 169,189,000	\$ 169,189,000
Capital Spend Rate Assumption	100%			100%	
Capital Spending Ratio					41%
CIP Financial Plan					
CIP Expenditures paid through Construction Fund	\$ 170,000,000	\$ -	\$ 15,000,000	\$ 185,000,000	\$ 69,303,533
CIP Expenditures paid through I&E Fund	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 170,000,000	\$ -	\$ 15,000,000	\$ 185,000,000	\$ 69,303,533



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

Inflows

- *Transfers from Sewer Improvement & Extension Fund* - The proposed budget amendment is to match the amount available for transfer from the FY 2025 Improvement & Extension Fund (see Table 3B - Appropriation Level - Sewer System Improvement & Extension Fund line item Revenue Financed Capital - Transfer to Construction Fund). There is no proposed budget amendment for the second quarter.
- *Bond Proceeds* - The budget amendment is to align the budget with the anticipated bond issue in June 2025.
- *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. There is no proposed amendment for the second quarter related to the timing of project design and construction activity. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [April 2024 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Investment Earnings* - The proposed budget amendment reflects an adjustment based on the projected investment earnings for the year.
- *Grant Revenues & Capital Contributions* - There is no budget amendment for the second quarter.

Outflows

- *Bond Cost of Issuance* - The budget amendment is to align the activity related to the anticipated cost of issuance for the June 2025 bonds.
- *Capital Program* - This line represents the anticipated CIP spend for the current year. The budget amendment is based on current spend projections.
- *Net Increase (Use) of Reserves* - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2025](#).
- *Capital Spend Rate Assumption* - 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



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