

**Great Lakes Water Authority**

**Resolution 2023-467**

**Resolution Adopting the Budget Amendments through the First Quarter of FY 2024**

By Board Member: John J. Zech

**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 2024 budget on February 22, 2023, for the twelve-month fiscal year beginning July 1, 2023;

**WHEREAS** Following a review of the budget amendment report through the FY 2024 First 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;

<b>General Operating Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Revenues</b>				
Suburban Wholesale Customer Charges	\$ 340,540,600	\$ 336,540,600	\$ 282,687,600	No Change
Less: Bad Debt	-	No Change	-	No Change
Retail Service Charges	25,537,200	No Change	196,569,600	No Change
Industrial Waste Control Charges	-	No Change	8,584,200	No Change
Pollutant Surcharges	-	No Change	5,328,300	No Change
<i>Investment Earnings - Unrestricted</i>	<i>3,067,000</i>	<i>8,530,200</i>	<i>5,567,000</i>	<i>13,399,700</i>
Investment Earnings - Restricted for Debt Service	<u>994,700</u>	<u>3,531,500</u>	<u>1,490,300</u>	<u>2,657,600</u>
Investment Earnings	4,061,700	12,061,700	7,057,300	16,057,300
Other Revenues	175,000	440,000	400,000	717,000
Total Revenues	<u>\$ 370,314,500</u>	<u>\$ 374,579,500</u>	<u>\$ 500,627,000</u>	<u>\$ 509,944,000</u>
<b>Revenue Requirements</b>				
Operations & Maintenance Expense	\$ 152,906,400	163,100,500	\$ 205,643,700	\$ 220,128,400
General Retirement System Legacy Pension	-	No Change	-	No Change
Debt Service	159,482,800	162,634,000	228,328,300	231,781,600
General Retirement System Accelerated Pension	3,395,500	1,505,500	6,479,300	3,096,800
Extraordinary Repair & Replacement Deposit	-	No Change	-	No Change
Water Residential Assistance Program Contribution	1,851,600	No Change	2,503,100	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
DWSD Budget Shortfall Pending	-	No Change	-	No Change
Receiving Fund Working Capital Requirement	-	1,400,000	-	No Change
Improvement & Extension Fund Transfer	<u>30,178,200</u>	<u>21,587,900</u>	<u>30,172,600</u>	<u>24,934,100</u>
Total Revenue Requirements	<u>\$ 370,314,500</u>	<u>\$ 374,579,500</u>	<u>\$ 500,627,000</u>	<u>\$ 509,944,000</u>

**WHEREAS** Following a review of the budget amendment report through the FY 2024 First Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

<b>Debt Service Coverage Calculation</b>				
<b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Debt Service by Lien</b>				
Senior Lien Bonds	136,224,100	139,877,500	155,429,200	158,940,100
Second Lien Bonds	51,754,500	No Change	53,273,500	53,380,100
SRF Junior Lien Bonds	16,469,500	16,136,600	51,847,200	51,634,400
Total Debt Service	<u>\$ 204,448,100</u>	<u>\$ 207,768,600</u>	<u>\$ 260,549,900</u>	<u>\$ 263,954,600</u>

**WHEREAS** Following a review of the budget amendment report through the FY 2024 First 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;

<b>Improvement &amp; Extension Fund</b>				
<b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Revenues</b>				
Transfers In from General Operating	\$ 30,178,200	\$ 21,587,900	\$ 30,172,600	\$ 24,934,100
Receipt of DWSD Shortfall Loan	-	No Change	-	No Change
Earnings on Investments	1,694,800	2,205,200	2,133,000	4,559,700
Net Use of Reserves	(10,926,100)	15,213,200	(15,202,100)	25,593,200
Total Revenues	<u>\$ 20,946,900</u>	<u>\$ 39,006,300</u>	<u>\$ 17,103,500</u>	<u>\$ 55,087,000</u>
<b>Expenditures</b>				
Water/Sewer System Revenue Transfers Out	\$ 1,694,800	\$ 2,205,200	\$ 2,133,000	\$ 4,559,700
Capital Spending - Other	-	No Change	-	No Change
Capital Outlay	11,539,100	8,051,100	14,970,500	11,527,300
Revenue Financed Capital -				
Transfer to/(from) Construction Fund	7,713,000	28,750,000	-	39,000,000
Total Expenditures	<u>\$ 20,946,900</u>	<u>\$ 39,006,300</u>	<u>\$ 17,103,500</u>	<u>\$ 55,087,000</u>

**WHEREAS** Following a review of the budget amendment report through the FY 2024 First 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;

<b>Construction Fund</b>				
<b>Appropriation Category</b>	<b>Water System</b>		<b>Sewer System</b>	
	<b>Adopted</b>	<b>Amended</b>	<b>Adopted</b>	<b>Amended</b>
<b>Revenues</b>				
Transfer (to)/from Improvement & Extension Fund	\$ 7,713,000	28,750,000	\$ -	39,000,000
Bond Proceeds	-	150,000,000	-	100,000,000
Grant Revenues (SRF Loans)	97,102,000	62,805,000	47,253,000	54,676,000
Earnings on Investments	1,864,700	5,364,700	2,365,600	6,865,600
Net (Use) Increase of Reserves	132,580,300	(21,919,700)	149,442,400	(35,541,600)
Total Revenues	<u>\$ 239,260,000</u>	<u>\$ 225,000,000</u>	<u>\$ 199,061,000</u>	<u>\$ 165,000,000</u>
<b>Expenditures</b>				
Project Expenditures	\$ 239,260,000	225,000,000	\$ 199,061,000	165,000,000
Capital Spend Rate Adjustment	\$ -	No Change	\$ -	No Change
Total Expenditures	<u>\$ 239,260,000</u>	<u>\$ 225,000,000</u>	<u>\$ 199,061,000</u>	<u>\$ 165,000,000</u>
Capital Spending Ratio	100.0%	94.0%	100.0%	82.9%

**WHEREAS** The GLWA Audit Committee reviewed the budget amendments at its meeting on December 8, 2023; 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 2024 First 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.