

Date: June 26, 2023

To: Great Lakes Water Authority Audit Committee

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

Re: FY 2023 Fourth Quarter Budget Amendments through June 30, 2023, 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 FY 2023 fourth quarter budget amendments include the following.

- A. Net increase to the Water System revenues of \$3.1 million (Table 1A)
 - \$3.0 million revenue increase – The increase in water demand usage through the fourth quarter of FY 2023 caused, at least in part, by higher-than-normal temperatures and lower-than-normal precipitation during the last quarter of FY 2023.
 - \$0.1 million revenue increase – Other earnings adjustment based on activity to date for energy rebates, radio tower lease payments received, scrap metal sales, insurance proceeds (damage incurred due to the June/July 2021 wet weather events), and other miscellaneous receipts. The source of revenue for this category fluctuates from year to year.

- B. There is an increase to the Water Operations & Maintenance (O&M) Expense of \$7.6 million. (Table 1A). The primary drivers for this increase are as follows.
 - Utilities - \$4.8 million increase – Electric is the primary driver in this category with an increase of \$4.0 million. This increase is due to the increased charge for kWh and increased usage partially due to the lower-than-normal precipitation during the last quarter of FY 2023.

- Capital Program Allocation - \$0.9 million increase – This is the portion of Personnel costs which are attributed to the Capital Improvement Plan. The amount in this category is shown as negative as this is a “contra” account which represents an offset to the Personnel costs section of the O&M budget. During FY 2023, the actual hours reported by engineers working on capital projects came in less than what was forecasted.
- Chemicals - \$0.8 million increase – Chemical costs, primarily Chlorine, Phosphoric Acid, Hydrofluorosilicic Acid (Fluoride), and Alum, incurred significant cost increases due to supply issues. The budget for chemicals was amended in the second quarter of FY 2023. An additional adjustment is being made with the fourth quarter amendments.
- The realignment in the allocation of Centralized Services and Administrative & Other Services from Wastewater to Water Operations - \$3.1 million increase – This realignment is primarily due to the increase in the utilization of water contracts and decrease in sewer contracts – Increases: HDR Michigan, Lakeshore Global, and Rickman contracts (repair work on the 14 mile and 120” water main breaks and other water transmission repair work), ramp up of the linear system integrity program (LSIP), Hydromax (valve exercising); Decrease: Inland Waters (sewer repair contract).
- The Water System Operations Unallocated Reserves, at the time of the FY 2023 budget adoption, was at \$2.3 million. This amount was only slightly reduced for the second quarter budget amendment and is insufficient to cover the increases noted in the bullet points above.

C. Net increase to the Sewer System revenues of \$1.7 million (Table 1B)

- \$0.5 million revenue increase – This represents an adjustment to the bad debt expense estimate related to payments received from Highland Park.
- \$1.2 million revenue increase – Other earnings adjustment based on activity to date for insurance proceeds (damage incurred due to the June/July 2021 wet weather events) and other miscellaneous receipts. The source of revenue for this category fluctuates from year to year.

D. There is an increase to the Sewer Operations & Maintenance Expense of \$0.9 million. (Table 1B). The primary drivers for this increase are as follows.

- Utilities - \$4.2 million increase – Gas is the primary driver in this category with an increase of \$2.9 million due to the increase in cost and usage. Other contributors to the increase in Utilities are Electric - \$0.6 million and Water Service - \$0.5 million. Water meters have been repaired and replaced at the WRRF (Water Resource Recovery Facility) and bills which had previously contained estimated readings are now being received with actual readings.

The actual readings are coming in higher than the estimated readings. In addition, a new water billing structure was implemented in early FY 2023 which has resulted in an increase in the water billing rate. The budget for the water service was amended in the second quarter of FY 2023. An additional adjustment is being made with the fourth quarter amendments. The wastewater facilities impacted most substantially by this rate increase are the WRRF, Oakwood Combined Sewer Overflow, Conner Creek Combined Sewer Overflow, and the Biosolids Dryer Facility (BDF).

- Supplies & Other - \$1.1 million increase – Due to increase in equipment repairs needed due to reliability and criticality considerations.
- Personnel - \$1.5 million decrease – Due to the timing of filling vacant positions, especially those that are hard to fill in this tight labor market. In addition, there was a decrease in the utilization of the facilities maintenance contract to fill vacant positions as existing GLWA team members have assumed some of the required maintenance tasks.
- The realignment in the allocation of Centralized Services and Administrative & Other Services from Wastewater to Water Operations - \$3.1 million decrease – See explanation in item B above.
- The Wastewater System Operations Unallocated Reserves, at the time of the FY 2023 budget adoption, was at \$3.1 million. This category was adjusted for both the first and second quarter FY 2023 budget amendments. The net result was a significant reduction to the adopted amount. The current balance is insufficient to cover the increase noted in the bullet point above.

E. Construction Funds - Grant Revenues (SRF Loans) (Tables 4A and 4B) - The amount budgeted for draws of State Revolving Fund (SRF) Loans for both the water (\$12.1 million increase) and sewer (\$19.7 million decrease) construction funds have been adjusted to reflect the timing of project design and construction activity.

F. Construction Funds – Capital Improvement Plan (CIP) (Tables 4A and 4B) - The Capital Spending Ratio for the water capital improvement plan is forecasted to decrease from 116.2% (estimate for the 2nd quarter FY 2023 budget amendment) to 107.0% which equates to \$17.8 million. The Capital Spending Ratio for the sewer capital improvement plan was decreased from 110.7% (estimate for the 2nd quarter FY 2023 budget amendment) to 86.2% which equates to \$30.8 million. These adjustments were based on a review of the spend projections for FY 2023 and discussions with project personnel.

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 – 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*

A budget amendment resolution reflecting the budget amendments is attached.



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>The budget amendment proposed is due to increased water demand usage due, in part, by the higher-than-normal temperatures and lower-than-normal precipitation during the last quarter of FY 2023.</i>
Bad Debt	<i>No budget amendment is required.</i>
Retail Services Charges	<i>No budget amendment is required.</i>
Investment Earnings	<i>No budget amendment is required.</i>
Other Revenues	<i>The budget amendment proposed is based on activity to date for energy rebates, radio tower lease payments received, scrap metal sales, insurance proceeds (damage incurred due to the June/July 2021 wet weather events), and other miscellaneous receipts. This source of revenue fluctuates from year to year.</i>
Revenue Requirements (Expenditures)	
Operations & Maintenance Expense	<i>The Water O&M budget is being increased by \$7.6 million to cover the shortfall projected for FY 2023 (details can be found in the Highlights section beginning on the first page of this document).</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. Budget and funding are based on SRF schedules (timing of the draws).</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 Deposit	<i>This is a formulaic requirement in the Master Bond Ordinance. Additional amounts are required in this fund based on the FY 2024 approved budget.</i>



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Water Residential Assistance Program Contribution	<i>No budget amendment is required. Budget is fixed at time of budget adoption.</i>
Regional System Lease	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to revenues, bad debt, investment earnings, O&M expense, debt service, and DWSD budget shortfall affect this line item.</i>



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>No budget amendment is required.</i>
Bad Debt	<i>The proposed amendment represents and adjustment to the bad debt expense estimate related to payments received from 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 budget amendment proposed is based on activity to date for insurance proceeds (damage incurred due to the June/July 2021 wet weather events) and other miscellaneous receipts. This source of revenue fluctuates from year to year.</i>
Revenue Requirements (Expenditures)	
Operations & Maintenance Expense	<i>The Sewer O&M budget is being increased by \$0.9 million to cover the additional shortfall projected for FY 2023 (details can be found in the Highlights section beginning on the first page of this document).</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. Budget and funding are based on SRF schedules (timing of the draws).</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 Deposit	<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>



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation	
Water Residential Assistance Program Contribution	<i>No budget amendment is required. Budget is fixed at time of budget adoption.</i>
Regional System Lease	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to revenues, bad debt, investment earnings, debt service, and DWSD budget shortfall affect this line item.</i>



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

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

System	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
Water System	\$ 144,847,700	\$ -	\$ 4,300,000	\$ -	\$ 7,600,000	\$ 156,747,700	\$ 124,923,800
Sewer System	184,052,600	10,769,900	8,400,000	-	900,000	204,122,500	164,556,200
Total	\$ 328,900,300	\$ 10,769,900	\$ 12,700,000	\$ -	\$ 8,500,000	\$ 360,870,200	\$ 289,480,000

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.



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

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

O&M Major Budget Categories (Core Groups)	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
A Water System Operations	\$ 76,518,200	\$ -	\$ 4,300,000	\$ -	\$ 4,519,000	\$ 85,337,200	\$ 69,516,600
B Wastewater System Operations	113,197,500	10,769,900	8,400,000	-	3,981,000	136,348,400	112,302,200
C Centralized Services	104,502,900	-	-	-	-	104,502,900	81,249,300
D Administrative & Other Services	34,681,700	-	-	-	-	34,681,700	26,411,900
Total	\$ 328,900,300	\$ 10,769,900	\$ 12,700,000	\$ -	\$ 8,500,000	\$ 360,870,200	\$ 289,480,000

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 2023, the following amendments are being proposed (details can be found in the Highlights section beginning on the first page of this document).

- The allocation of the C-Centralized Services and D-Administrative & Other Services amended budget between water and sewer has been reviewed and an amendment is being proposed to move \$3.1 million from the overall Sewer System Operations to the overall Wastewater System Operations. This realignment is primarily due to the increase in the utilization of water contracts and decrease in sewer contracts.
- A-Water System Operations - The Water O&M budget is being increased an additional \$4.5 million to cover the shortfall projected in FY 2023
- B-Wastewater System Operations - The Sewer O&M budget is being increased \$4.0 million to cover the shortfalls projected for FY 2023

For more activity within these groups, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

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

O&M Expense Categories (Account Type)	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
Personnel Costs	\$ 122,144,300	\$ (367,200)	\$ (2,774,800)	\$ -	\$ (2,856,900)	\$ 116,145,400	\$ 94,414,000
Utilities	51,007,400	4,910,100	9,597,700	-	9,106,500	74,621,700	61,258,000
Chemicals	16,118,600	7,663,000	4,694,300	-	1,048,900	29,524,800	24,597,000
Supplies & Other	34,911,800	-	209,700	-	1,041,100	36,162,600	29,568,000
Contractual Services	104,579,200	1,413,300	(14,200)	-	646,700	106,625,000	82,376,000
Capital Program Allocation	(4,376,200)	-	740,000	-	1,500,900	(2,135,300)	(1,777,000)
Shared Services	(2,925,000)	1,424,100	-	-	(69,900)	(1,570,800)	(956,000)
Unallocated Reserve	7,440,200	(4,273,400)	247,300	-	(1,917,300)	1,496,800	-
Total	\$ 328,900,300	\$ 10,769,900	\$ 12,700,000	\$ -	\$ 8,500,000	\$ 360,870,200	\$ 289,480,000

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 2023 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)*.



Quarterly Budget Amendment Report
 FY 2023 Ending June 30, 2023

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

	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget
O&M Unallocated Reserves						
Water System Operations	\$ 2,284,700	\$ -	\$ (9,300)	\$ -	\$ (1,674,900)	\$ 600,500
Wastewater System Operations	3,055,500	(3,055,200)	302,600	-	22,300	325,200
Centralized Services	1,600,000	(1,218,200)	-	-	154,700	536,500
Administrative & Other Services	500,000	-	(46,000)	-	(419,400)	34,600
Total	\$ 7,440,200	\$ (4,273,400)	\$ 247,300	\$ -	\$ (1,917,300)	\$ 1,496,800

Totals may be off 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.

For additional information on the FY 2023 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.



Quarterly Budget Amendment Report
FY 2023 Ending June 30, 2023

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

Water System - Debt Service Coverage Calculation	FY 2023 Adopted Budget	1st Quarter FY 2023 Amendments Regional System	Final Adjustment to FY 2023 Local System Budget	FY 2023 Amended Budget	2nd Quarter FY 2023 Amendments Regional System	2nd Quarter FY 2023 Amendments Local System	FY 2023 Amended Budget	3rd Quarter FY 2023 Amendments Regional System	3rd Quarter FY 2023 Amendments Local System	FY 2023 Amended Budget	4th Quarter FY 2023 Amendments Regional System	4th Quarter FY 2023 Amendments Local System	FY 2023 Amended Budget
	Revenues												
1 Regional System Wholesale Revenues	\$354,947,900	\$ (1,257,300)	\$ -	\$353,690,600	\$ -	\$ -	\$353,690,600	\$ -	\$ -	\$353,690,600	\$ 3,000,000	\$ -	\$356,690,600
2 Local System Revenues	70,104,100	-	18,061,300	88,165,400	-	-	88,165,400	-	-	88,165,400	-	-	88,165,400
3 Miscellaneous Revenue (Local System)	3,900,000	-	800	3,900,800	-	-	3,900,800	-	-	3,900,800	-	-	3,900,800
4 Non-Operating Revenue (Regional System)	1,123,700	5,921,200	-	7,044,900	3,500,300	-	10,545,200	-	-	10,545,200	120,000	-	10,665,200
5 Total Revenues	\$430,075,700	\$ 4,663,900	\$ 18,062,100	\$452,801,700	\$ 3,500,300	\$ -	\$456,302,000	\$ -	\$ -	\$456,302,000	\$ 3,120,000	\$ -	\$459,422,000
Revenue Requirements													
Operations & Maintenance Expense													
6 Regional System Wholesale Expenses	\$144,847,700	\$ -	\$ -	\$144,847,700	\$ 4,300,000	\$ -	\$149,147,700	\$ -	\$ -	\$149,147,700	\$ 7,600,000	\$ -	\$156,747,700
7 Local System Expenses	30,490,000	-	12,091,600	42,581,600	-	-	42,581,600	-	-	42,581,600	-	-	42,581,600
8 GRS Pension allocable to Regional System	6,048,000	-	-	6,048,000	-	-	6,048,000	-	-	6,048,000	-	-	6,048,000
9 GRS Pension allocable to Local System	4,272,000	-	-	4,272,000	-	-	4,272,000	-	-	4,272,000	-	-	4,272,000
10 Total Operations & Maintenance Expense	185,657,700	-	12,091,600	197,749,300	4,300,000	-	202,049,300	-	-	202,049,300	7,600,000	-	209,649,300
11 Net Revenues after Operations & Maintenance Expense	\$244,418,000	\$ 4,663,900	\$ 5,970,500	\$255,052,400	\$ (799,700)	\$ -	\$254,252,700	\$ -	\$ -	\$254,252,700	\$ (4,480,000)	\$ -	\$249,772,700
Debt Service by Lien													
12 Senior Lien Bonds	\$135,939,700	\$ (2,166,600)	\$ -	\$133,773,100	\$ -	\$ -	\$133,773,100	\$ -	\$ -	\$133,773,100	\$ -	\$ -	\$133,773,100
13 Second Lien Bonds	47,200,100	2,917,100	-	50,117,200	-	-	50,117,200	-	-	50,117,200	-	-	50,117,200
14 SRF Junior Lien Bonds	10,061,800	(258,900)	-	9,802,900	(772,000)	(156,500)	8,874,400	-	-	8,874,400	-	-	8,874,400
15 Total Debt Service	\$193,201,600	\$ 491,600	\$ -	\$193,693,200	\$ (772,000)	\$ (156,500)	\$192,764,700	\$ -	\$ -	\$192,764,700	\$ -	\$ -	\$192,764,700
Debt Service Coverage													
16 Senior Lien Bonds (11)/(12)	1.80	0.06	0.04	1.91	(0.01)	0.00	1.90	0.00	0.00	1.90	(0.03)	0.00	1.87
17 Second Lien Bonds (11)/[(12)+(13)]	1.33	0.02	0.03	1.39	(0.00)	0.00	1.38	0.00	0.00	1.38	(0.02)	0.00	1.36
18 SRF Junior Lien Bonds (11)/(15)	1.27	0.02	0.03	1.32	(0.00)	0.00	1.32	0.00	0.00	1.32	(0.02)	0.00	1.30

* 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.



Quarterly Budget Amendment Report
FY 2023 Ending June 30, 2023

Appropriation Level - Debt Service - Water System Debt Service Coverage Calculation Budget Amendment Explanation	
Total Debt Service	<i>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 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 of and interest on all Regional Water System bonds and to restore any reserves therefore established in the Master Bond Ordinance. No budget amendment is being proposed for the fourth quarter FY 2023.</i>



Quarterly Budget Amendment Report
FY 2023 Ending June 30, 2023

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

Sewer System - Debt Service Coverage Calculation	FY 2023 Adopted Budget	1st Quarter FY 2023		Final Adjustment to FY 2023 Local System Budget	FY 2023 Amended Budget	2nd Quarter FY 2023		FY 2023 Amended Budget	3rd Quarter FY 2023		FY 2023 Amended Budget	4th Quarter FY 2023		FY 2023 Amended Budget
		Regional System	Amendments			Regional System	Amendments		Regional System	Amendments		Regional System	Amendments	
Revenues														
1 Regional System Wholesale Revenues	\$479,816,500	\$ (2,396,300)	\$ -	\$477,420,200	\$ 1,400,000	\$ -	\$478,820,200	\$ -	\$ -	\$478,820,200	\$ 500,000	\$ -	\$479,320,200	
2 Local System Revenues	96,467,800	-	(17,897,700)	78,570,100	-	-	78,570,100	-	-	78,570,100	-	-	78,570,100	
3 Miscellaneous Revenue (Local System)	7,640,000	-	(1,300)	7,638,700	-	-	7,638,700	-	-	7,638,700	-	-	7,638,700	
4 Non-Operating Revenue (Regional System)	1,555,600	7,615,600	-	9,171,200	5,530,900	-	14,702,100	-	-	14,702,100	1,185,000	-	15,887,100	
5 Total Revenues	\$585,479,900	\$ 5,219,300	\$ (17,899,000)	\$572,800,200	\$ 6,930,900	\$ -	\$579,731,100	\$ -	\$ -	\$579,731,100	\$ 1,685,000	\$ -	\$581,416,100	
Revenue Requirements														
Operations & Maintenance Expense														
6 Regional System Wholesale Expenses	\$184,052,600	\$ 10,769,900	\$ -	\$194,822,500	\$ 8,400,000	\$ -	\$203,222,500	\$ -	\$ -	\$203,222,500	\$ 900,000	\$ -	\$204,122,500	
7 Local System Expenses	63,390,000	-	(11,993,600)	51,396,400	-	-	51,396,400	-	-	51,396,400	-	-	51,396,400	
8 GRS Pension allocable to Regional System	10,824,000	-	-	10,824,000	-	-	10,824,000	-	-	10,824,000	-	-	10,824,000	
9 GRS Pension allocable to Local System	2,856,000	-	-	2,856,000	-	-	2,856,000	-	-	2,856,000	-	-	2,856,000	
10 Total Operations & Maintenance Expense	261,122,600	10,769,900	(11,993,600)	259,898,900	8,400,000	-	268,298,900	-	-	268,298,900	900,000	-	269,198,900	
11 Net Revenues after Operations & Maintenance Expense	\$324,357,300	\$ (5,550,600)	\$ (5,905,400)	\$312,901,300	\$ (1,469,100)	\$ -	\$311,432,200	\$ -	\$ -	\$311,432,200	\$ 785,000	\$ -	\$312,217,200	
Debt Service by Lien														
12 Senior Lien Bonds	\$149,780,900	\$ 1,749,800	\$ -	\$151,530,700	\$ 1,664,100	\$ -	\$153,194,800	\$ -	\$ -	\$153,194,800	\$ -	\$ -	\$153,194,800	
13 Second Lien Bonds	36,738,500	3,108,600	-	39,847,100	-	-	39,847,100	-	-	39,847,100	-	-	39,847,100	
14 SRF Junior Lien Bonds	51,084,400	891,300	-	51,975,700	(510,200)	(110,700)	51,354,800	-	-	51,354,800	-	-	51,354,800	
15 Total Debt Service	\$237,603,800	\$ 5,749,700	\$ -	\$243,353,500	\$ 1,153,900	\$ (110,700)	\$244,396,700	\$ -	\$ -	\$244,396,700	\$ -	\$ -	\$244,396,700	
Debt Service Coverage														
16 Senior Lien Bonds (11)/(12)	2.17	(0.06)	(0.04)	2.06	(0.03)	0.00	2.03	0.00	0.00	2.03	0.01	0.00	2.04	
17 Second Lien Bonds (11)/[(12)+(13)]	1.74	(0.07)	(0.03)	1.63	(0.02)	0.00	1.61	0.00	0.00	1.61	0.00	0.00	1.62	
18 SRF Junior Lien Bonds (11)/(15)	1.37	(0.06)	(0.02)	1.29	(0.01)	0.00	1.27	0.00	0.00	1.27	0.00	0.00	1.28	

* 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.



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Appropriation Level - Debt Service - Sewer System Debt Service Coverage Calculation Budget Amendment Explanation	
Total Debt Service	<i>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 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 of and interest on all Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance. No budget amendment is being proposed for the fourth quarter FY 2023.</i>



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

Water Improvement & Extension Fund	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
Revenues							
Water System Transfers In from General Operating	\$ 24,300,000	\$ 4,173,700	\$ (27,700)	\$ -	\$ (4,680,000)	\$ 23,766,000	\$ 23,714,200
Earnings on Investments (a)	-	1,888,200	880,500	-	-	2,768,700	1,229,900
Net Use (Increase) of Reserves	19,888,000	(15,409,100)	6,817,200	-	(49,028,300)	(37,732,200)	-
Total Revenues	\$ 44,188,000	\$ (9,347,200)	\$ 7,670,000	\$ -	\$ (53,708,300)	\$ (11,197,500)	\$ 24,944,100
Expenditures							
Water System Revenue Transfers Out (a)	\$ -	\$ 1,888,200	\$ 880,500	\$ -	\$ -	\$ 2,768,700	\$ 1,597,300
Capital Spending - Other	-	-	-	-	3,503,400	3,503,400	2,153,700
Capital Outlay	15,452,600	-	-	-	(9,882,500)	5,570,100	6,164,800
Revenue Financed Capital - Transfer to/(from) Construction Fund	28,735,400	(11,235,400)	6,789,500	-	(47,329,200)	(23,039,700)	(23,039,700)
Total Expenditures	\$ 44,188,000	\$ (9,347,200)	\$ 7,670,000	\$ -	\$ (53,708,300)	\$ (11,197,500)	\$ (13,123,900)

(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 – 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 2023 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>



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Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation	
Earnings on Investments	<i>No budget amendment is required. 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.</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. 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.</i>
Capital Spending - Other	<i>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.</i>
Capital Outlay	<i>The proposed budget amendment reflects the decrease in spending which is primarily driven by the change in project start dates and project scope.</i>
Revenue Financed Capital – Transfer to/(from) Construction Fund	<i>The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects including the transfer of SRF loan funds received in the Construction Fund for projects previously funded by I&E. The FY 2023 activity reflects adjustments to true-up activity in prior years when Construction Funds were not available. This rebalancing occurred as a result of transitioning from fully funding the Capital Improvement Program with 100% I&E funds to Construction Bond funds after the bond transaction closing in September 2022.</i>



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

Sewer Improvement & Extension Fund	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
Revenues							
Sewer System Transfers In from General Operating	\$ 39,342,500	\$ (11,267,700)	\$ (2,623,000)	\$ -	\$ 785,000	\$ 26,236,800	\$ 22,084,200
Receipt of DWSD Shortfall Loan Interest	-	-	-	-	-	-	-
Earnings on Investments (a)	-	2,016,500	1,379,200	-	-	3,395,700	1,783,300
Net Use (Increase) of Reserves	5,549,500	8,322,800	(13,781,700)	-	(19,359,500)	(19,268,900)	-
Total Revenues	\$ 44,892,000	\$ (928,400)	\$ (15,025,500)	\$ -	\$ (18,574,500)	\$ 10,363,600	\$ 23,867,500
Expenditures							
Sewer System Revenue Transfers Out (a)	\$ -	\$ 2,016,500	\$ 1,379,200	\$ -	\$ -	\$ 3,395,700	\$ 1,759,600
Capital Spending - Other	-	2,389,700	1,730,900	-	3,627,400	7,748,000	4,447,400
Capital Outlay	18,447,100	-	(3,635,600)	-	(8,180,800)	6,630,700	4,443,000
Revenue Financed Capital - Transfer to/(from) Construction Fund	26,444,900	(5,334,600)	(14,500,000)	-	(14,021,100)	(7,410,800)	(7,410,800)
Total Expenditures	\$ 44,892,000	\$ (928,400)	\$ (15,025,500)	\$ -	\$ (18,574,500)	\$ 10,363,600	\$ 3,239,200

(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 – 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 the FY 2023 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>
Receipt of DWSD Shortfall Loan Interest	<i>No budget amendment is required. This line represents the interest earnings on Notes Receivable, when applicable, for DWSD Sewer System Shortfall to the payment schedule.</i>



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Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations	
Earnings on Investments	<i>No budget amendment is required. 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.</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. 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.</i>
Capital Spending – Other	<i>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.</i>
Capital Outlay	<i>The proposed budget amendment reflects the decrease in spending which is primarily driven by the change in project start dates and project scope.</i>
Revenue Financed Capital – Transfer to/(from) Construction Fund	<i>The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects including the transfer of SRF loan funds received in the Construction Fund for projects previously funded by I&E. The FY 2023 activity reflects adjustments to true-up activity in prior years when Construction Funds were not available. This rebalancing occurred as a result of transitioning from fully funding the Capital Improvement Program with 100% I&E funds to Construction Bond funds after the bond transaction closing in September 2022.</i>



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

Water Construction Fund	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
Revenues							
Transfer (to)/from Improvement & Extension Fund	\$ 28,735,400	\$ (11,235,400)	\$ 6,789,500	\$ -	\$ (47,329,200)	\$ (23,039,700)	\$ (23,039,700)
Bond Proceeds	-	225,000,000	-	-	-	225,000,000	225,050,200
Bond Fund Earnings on Investments	128,800	749,000	3,688,000	-	-	4,565,800	4,915,200
Grant Revenues (SRF Loans)	54,992,000	71,838,000	(43,963,000)	-	12,133,000	95,000,000	78,995,700
Other Revenue - Sale of Assets	-	-	-	-	185,300	185,300	185,300
Net Use (Increase) of Reserves	71,644,800	(247,476,600)	64,899,500	-	17,182,900	(93,749,400)	-
Total Revenues	\$ 155,501,000	\$ 38,875,000	\$ 31,414,000	\$ -	\$ (17,828,000)	\$ 207,962,000	\$ 286,106,700
Expenditures							
Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,600
Capital Improvement Plan (a)	194,376,000	-	31,414,000	-	(17,828,000)	207,962,000	168,089,600
Capital Spend Rate Adjustment	(38,875,000)	38,875,000	-	-	-	-	-
Total Expenditures (a)	\$ 155,501,000	\$ 38,875,000	\$ 31,414,000	\$ -	\$ (17,828,000)	\$ 207,962,000	\$ 168,179,200
<i>(a) Plus Direct I&E Projects</i>	-	-				-	
<i>Total CIP Expenditures</i>	<i>155,501,000</i>	<i>38,875,000</i>				<i>207,962,000</i>	
<i>Total Published Capital Improvement Plan</i>	<i>194,376,000</i>					<i>194,376,000</i>	
<i>Capital Spending Ratio</i>	<i>80.0%</i>					<i>107.0%</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	
Transfers (to)/from Improvement & Extension Fund	<i>The proposed budget amendment is to match the amount available for transfer to the FY 2023 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer 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 including the transfer of SRF loan funds received in the Construction Fund for projects previously funded by I&E.</i>
Bond Proceeds	<i>No budget amendment is required.</i>
Earnings on Investments	<i>No budget amendment is required.</i>
Grant Revenues (State Revolving Fund Loans)	<i>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 June 2023 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Other Revenue – Sale of Assets	<i>This amount represents the proceeds received from the sale of the McKinstry warehouse and land. The allocation of the proceeds between water and sewer was consistent with the original cost allocation at the time of acquisition. Note that the original purchase was funded by bond proceeds. For that reason, the proceeds from the sale are being returned to the Construction fund.</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 116.2% to 107.0% as well as the increased revenues from SRF loans and transfer to the I&E fund.</i>
Expenditures	



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Appropriation Level – Construction Fund – Water System Budget Amendment Explanations	
Capital Improvement Plan	<i>This line represents an adjustment to the Capital Spend Ratio for the Water Capital Improvement Plan which is forecasted to decrease from 116.2% to 107.0%. This adjustment is based on a review of the spend projections for FY 2023 and discussions with project personnel.</i>
Capital Spend Rate Assumption Adjustment	<i>The proposed budget amendment represents the decrease in the projected Capital Spend Rate for the Water CIP from 116.2% (second quarter budget amendment projection) to 107.0% (based on review of actual spend for FY 2023). 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 Capital Spend Rate for the Water CIP was amended for the first quarter from 80.0% (projection at the time of the FY 2023 budget adoption) to 100.0%. The second quarter amendment increased the Capital Spend Rate to 116.2%. No amendment was made for the third quarter. The most recent quarterly construction work-in-progress (CWIP) report is presented in the June 2023 Audit Committee binder.</i>



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

Sewer Construction Fund	FY 2023 Board Adopted Budget	Total 1st Quarter FY 2023 Amendments	Total 2nd Quarter FY 2023 Amendments	Total 3rd Quarter FY 2023 Amendments	Total 4th Quarter FY 2023 Amendments	FY 2023 Amended Budget	FY 2023 Activity Thru 4/30/2023
Revenues							
Transfer (to)/from Improvement & Extension Fund	\$ 26,444,900	\$ (5,334,600)	\$ (14,500,000)	\$ -	\$ (14,021,100)	\$ (7,410,800)	\$ (7,410,800)
Bond Proceeds	-	225,000,000	-	-	-	225,000,000	225,023,300
Bond Fund Earnings on Investments	86,200	820,000	3,897,600	-	-	4,803,800	5,662,700
Grant Revenues (SRF Loans)	18,720,000	31,317,000	(10,287,000)	-	(19,750,000)	20,000,000	16,368,200
Contributed Capital	-	-	-	-	2,176,000	2,176,000	2,176,000
Other Revenue - Sale of Assets	-	-	-	-	1,140,700	1,140,700	1,140,700
Net Use (Increase) of Reserves	49,197,900	(222,709,100)	34,399,400	-	(377,600)	(139,489,400)	-
Total Revenues	\$ 94,449,000	\$ 29,093,300	\$ 13,510,000	\$ -	\$ (30,832,000)	\$ 106,220,300	\$ 242,960,100
Expenditures							
Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,700
Capital Improvement Plan (a)	125,932,000	(2,389,700)	13,510,000	-	(30,832,000)	106,220,300	77,807,700
Capital Spend Rate Adjustment	(31,483,000)	31,483,000	-	-	-	-	-
Total Expenditures (a)	\$ 94,449,000	\$ 29,093,300	\$ 13,510,000	\$ -	\$ (30,832,000)	\$ 106,220,300	\$ 77,870,400
<i>(a) Plus Direct I&E Projects</i>	-	2,389,700	-	-	-	2,389,700	
<i>Total CIP Expenditures</i>	<i>94,449,000</i>	<i>31,483,000</i>				<i>108,610,000</i>	
<i>Total Published Capital Improvement Plan</i>	<i>125,932,000</i>					<i>125,932,000</i>	
<i>Capital Spending Ratio</i>	<i>75.0%</i>					<i>86.2%</i>	

(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	
Transfers (to)/from Improvement & Extension Fund	<i>The proposed budget amendment is to match the amount available for transfer from the FY 2023 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer to 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 including the transfer of SRF loan funds received in the Construction Fund for projects previously funded by I&E.</i>
Bond Proceeds	<i>No budget amendment is required.</i>
Earnings on Investments	<i>No budget amendment is required.</i>
Grant Revenues (State Revolving Fund Loans)	<i>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. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the June 2023 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Contributed Capital	<i>This amount represents GLWA’s portion of the contribution received for capital improvements outlined in an agreement with the Evergreen Farmington Sewer District.</i>
Other Revenue – Sale of Assets	<i>This amount represents the proceeds received from the sale of the McKinstry warehouse and land. The allocation of the proceeds between water and sewer was consistent with the original cost allocation at the time of acquisition. Note that the original purchase was funded by bond proceeds. For that reason, the proceeds from the sale are being returned to the Construction fund.</i>



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Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations	
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 110.7% to 86.2% as well as the decreased revenues from SRF loans, the increase in other revenues, and the transfer to the I&E fund.</i>
<i>Expenditures</i>	
Capital Improvement Plan	<i>This line represents an adjustment to the Capital Spend Ratio for the Sewer Capital Improvement Plan which is forecasted to decrease from 110.7% to 86.2%. This adjustment is based on a review of the spend projections for FY 2023 and discussions with project personnel.</i>



Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations

Capital Spend Rate Adjustment

*The proposed budget amendment represents the decrease in the projected Capital Spend Rate for the Sewer CIP from 110.7% (second quarter budget amendment projection) to 86.2% (based on review of actual spend for FY 2023). 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 Capital Spend Rate for the Sewer CIP was amended for the first quarter from 75.0% (projection at the time of the FY 2023 budget adoption) to 100.0%. The second quarter amendment increased the Capital Spend Rate to 110.7%. No amendment was made for the third quarter. The most recent quarterly construction work-in-progress (CWIP) report is presented in the **June 2023 Audit Committee binder**.*