

GLWA

Great Lakes Water Authority



Monthly Financial Report Binder

February 2024

**Presented to the
Great Lakes Water Authority
Audit Committee on May 24, 2024
(Postponed to June 17, 2024)**

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Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall by year-end as follows: No Risk (green) - Potential (yellow) - Likely (red)

Each variance is monitored by the Great Lakes Water Authority (GLWA) management and, where appropriate, operating and/or budget priorities are re-evaluated. Staff reviews the need for budget amendments quarterly and requests necessary amendments when required based on the most current information available. Second quarter budget amendments will be presented to the Board of Directors at the May 22, 2024 meeting and are reflected in this report.

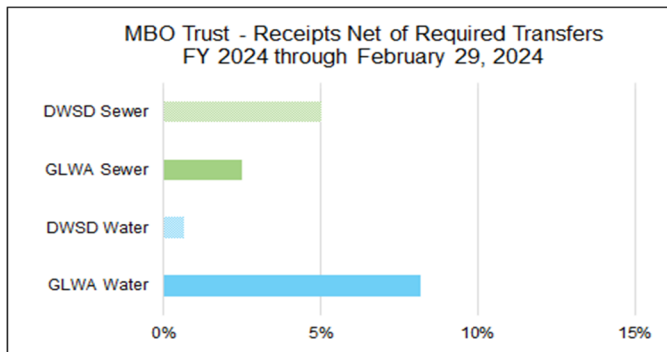
For the current year, water operations and maintenance, water and sewer capital spend, and investment earnings reflect variances to budget outside the normal range. Capital spend variances reflect evolving changes in timing that the Capital Improvement Planning group continues to monitor and review. Operations and maintenance and investment earnings activity is monitored closely and are under review for possible additional budget amendments.

A bond transaction was completed in December 2023 for \$148.5 million to support water system improvements and \$96.8 million to support sewage disposal system improvements.

As of February 29, 2024					
Metric	FY 2024 Budget	FY 2024 Amended Budget	FY 2024 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Billed Revenue (\$M)	\$231.9	\$227.2	\$227.4	0%	48
Wholesale Water Billed Usage (mcf)	9,102,000	8,587,000	8,658,000	1%	
Wholesale Sewer Billed Revenue (\$M)	\$188.0	\$188.0	\$188.0	0%	50
Wholesale Water Operations & Maintenance (\$M)	\$101.9	\$111.3	\$103.4	-7%	5
Wholesale Sewer Operations & Maintenance (\$M)	\$137.1	\$146.7	\$143.5	-2%	
Investment Income (\$M)	\$10.2	\$31.1	\$37.8	22%	37
Water Prorated Capital Spend w/SRA* (\$M)	\$159.5	\$126.7	\$112.4	-11%	28
Sewer Prorated Capital Spend w/SRA* (\$M)	\$132.7	\$101.8	\$74.7	-27%	29

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

Master Bond Ordinance (MBO) Trust Net Receipts (page 51)



Net cash flow receipts remain positive for GLWA Water and Sewer. This means that all legal commitments of the MBO Trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD Water reports a surplus of \$0.5 million and DWSD Sewer reports a surplus of \$10.2 million of net receipts over disbursements through February 2024.

Budget to Actual Analysis (page 3)

- The FY 2024 information includes the proposed second quarter FY 2024 budget amendments pending approval by the GLWA Board of Directors.
- The total Revenue Requirements are on target through February 2024.
- The total overall Operations & Maintenance expenses are at 63.5% of budget through February 2024. This positive variance equates to a dollar amount of \$12.4 million.

Basic Financial Statements (page 9)

- The Basic Financial Statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for February 2024 is \$61.1 million for the Water fund (24.9% of total revenues) and \$77.3 million for the Sewer fund (23.6 % of total revenues).
- Water Net Position increased by \$ 11.1 million, and Sewage Disposal Net Position increased by \$ 35.3 million for the year to date through February 2024.

Capital Improvement Plan Financial Summary (page 27)

- Water system costs incurred to date are above the 79.4% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are below the 76.7% Capital Spend Ratio assumption.

Master Bond Ordinance Transfers (page 30)

- For February, transfers of \$13.8 million and \$18.7 million were completed for the GLWA Water and Sewer funds, respectively.
- Also for February, transfers of \$5.6 million and \$6.9 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 37)

- Total cash & investments are \$645 million for Water and \$764 million in the Sewer fund.
- Total, combined, cumulative, FY 2024 investment income through January is \$37.8 million.

DWSD Retail Revenues, Receivables & Collections (page 41)

- Water revenue through February 29, 2024 is 104.19% and usage is 104.09% of budget.
- Sewer revenue through February 29, 2024 is 98.31% and usage is 100.95% of budget.
- Combined accounts receivable balances for the water and sewer funds report a decrease of \$17.2 million over the prior year.
- Past dues over 180 days make up of 66.8% the total accounts receivable balance. The current bad debt allowance covers over 96.1% of past dues over 60 days.

GLWA Wholesale Billing and Collections (page 47)

- Average wholesale water collections for the period of March 2023 through February 2024 are trending above the prior year.
- Average wholesale sewer collections for the period of March 2023 through February 2024 are trending above the prior year.

Questions? Contact the Office of the Chief Financial Officer at CFO@glwater.org.



The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The FY 2024 information presented in these sections includes the proposed second quarter FY 2024 budget amendments pending approval by the GLWA Board of Directors.

Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds categories. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

Table 1A – Water Revenue Requirements Budget and **Table 1B – Sewer Revenue Requirements Budget** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. Since this report is for February 2024, the pro-rata benchmark is 66.7% (8 of 12 months of the fiscal year).

Items noted below are highlighted in gold on Tables 1A (Water) and 1B (Sewer).

1. **Revenues:** For *both* systems, total revenues for FY 2024 are above the pro-rata benchmark; the *water* system is at 68.1% while the *sewer* system is at 69.0%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.

Water revenues presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the [Flint Water Agreement](#). Through February 29, 2024, these payments total \$4.3 million for FY 2024.

2. **Investment Earnings:** For both systems, investment earnings are above the pro-rata benchmark for FY 2024; the *water* system is at 83.0% while the *sewer* system is at 87.8%. Detailed analysis of investment earnings activity to date can be found in the *Cash & Investment Income* section of this financial report binder.
3. **Other Revenues:** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems actual amount will vary from budget due to the nature of the items recorded in this category.
4. **Operations & Maintenance Expense:** Actual expenses¹ for *both* systems are below the pro-rata benchmark for FY 2024 the *water* system is at 61.9% while the *sewer* system O&M expenses is at 64.7%.
5. **Debt Service:** For FY 2024, both systems are slightly above the pro-rata benchmark for debt service; the *water* system is at 67.3% while the *sewer* system is at 67.3%. The activity is based on the payment schedules adjusted for the State Revolving Fund loans that are still being drawn down.
6. **Operating Reserve Deposit:** GLWA has established a target balance in the O&M Fund of 45 days of operating expense which works in tandem with the I&E Funds to provide liquidity to the utility. Funding levels are currently being evaluated to determine if additional transfers to this reserve will be required in FY 2024.
7. **DWSD Budget Shortfall Pending:** To the extent that the local (DWSD) system experiences budgetary shortfalls as defined by the Water & Sewer Services Agreement, the GLWA budget is impacted.² Steps to proactively detect, and ideally prevent, this shortfall scenario were put into place with the 2018 Memorandum of Understanding (dated June 27, 2018). For FY 2023, DWSD ended the year with positive net cash flows for both the DWSD *water* system and the DWSD *sewer* system. For FY 2024, neither the DWSD *water* system nor the DWSD *sewer* system have a budgetary shortfall through February 29, 2024. GLWA and DWSD staff meet regularly to discuss steps to mitigate shortfalls, when they occur, as outlined in the 2018 MOU.
8. **Improvement & Extension (I&E) Fund Transfer Pending:** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
9. **Other Revenue Requirements:** The remaining revenue requirements for *both* systems are funded on a 1/12th basis each month in accordance with the Master Bond Ordinance.
10. **Overall:** Total revenue requirements for *both* systems are in line with the benchmark.

¹The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M “expense” would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account.

² As a reminder, the monthly O&M transfer for MBO purposes is at 1/12 of the budget to a DWSD O&M bank account outside the trust. Actual budget may be less than that amount providing an actual positive variance for DWSD.

Table 1A – Water Revenue Requirements Budget (year-over-year) – (\$000)

	FY 2023 AMENDED BUDGET	FY 2023 ACTIVITY THRU 2/28/2023	Percent Year-to- Date at 2/28/2023	FY 2024 BOARD ADOPTED BUDGET	FY 2024 AMENDED BUDGET	FY 2024 ACTIVITY THRU 2/29/2024	Percent Year-to- Date at 2/29/2024
Water System							
Revenues							
Suburban Wholesale Customer Charges	\$ 333,856	\$ 223,985	67.1%	\$ 340,541	\$ 330,703	\$ 223,298	67.5%
Retail Service Charges	22,834	15,240	66.7%	25,537	25,537	17,025	66.7%
Investment Earnings	9,670	4,335	44.8%	4,062	14,062	11,678	83.0%
Other Revenues	995	974	97.9%	175	858	752	87.6%
Total Revenues	\$ 367,356	\$ 244,533	66.6%	\$ 370,315	\$ 371,160	\$ 252,753	68.1%
Revenue Requirements							
Operations & Maintenance Expense	\$ 156,748	\$ 100,542	64.1%	\$ 152,906	\$ 166,883	\$ 103,359	61.9%
General Retirement System Legacy Pension	6,048	4,032	66.7%	-	-	-	0.0%
Debt Service	150,055	102,109	68.0%	159,483	162,236	109,138	67.3%
General Retirement System Accelerated Pension	6,268	4,179	66.7%	3,396	1,506	1,506	100.0%
Extraordinary Repair & Replacement Deposit	200	-	0.0%	-	-	-	0.0%
Water Residential Assistance Program Contribution	1,771	1,180	66.7%	1,852	1,852	1,234	66.7%
Regional System Lease	22,500	15,000	66.7%	22,500	22,500	15,000	66.7%
Operating Reserve Deposit	-	-	0.0%	-	-	-	0.0%
DWSD Budget Shortfall Pending	-	-	0.0%	-	-	-	0.0%
Receiving Fund Working Capital Requirement	-	-	0.0%	-	-	-	0.0%
Improvement & Extension Fund Transfer Pending	23,766	18,982	79.9%	30,178	16,184	14,392	88.9%
Total Revenue Requirements	\$ 367,356	\$ 246,024	67.0%	\$ 370,315	\$ 371,160	\$ 244,629	65.9%
Net Difference		\$ (1,492)				\$ 8,124	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ (371)				\$ 5,313	
Revenue Requirement Variance		(1,121)				2,811	
Overall Variance		\$ (1,492)				\$ 8,124	

Table 1B – Sewer Revenue Requirements Budget (year-over-year) – (\$000)

	FY 2023 AMENDED BUDGET	FY 2023 ACTIVITY THRU 2/28/2023	Percent Year-to- Date at 2/28/2023	FY 2024 BOARD ADOPTED BUDGET	FY 2024 AMENDED BUDGET	FY 2024 ACTIVITY THRU 2/29/2024	Percent Year-to- Date at 2/29/2024
Sewer System							
Revenues							
Suburban Wholesale Customer Charges	\$ 274,907	\$ 183,678	66.8%	\$ 282,688	\$ 267,879	\$ 187,807	70.1%
Retail Service Charges	191,042	127,361	66.7%	196,570	196,570	131,046	66.7%
Industrial Waste Control Charges	8,420	5,579	66.3%	8,584	8,560	5,787	67.6%
Pollutant Surcharges	4,951	3,161	63.8%	5,328	5,328	2,471	46.4%
Investment Earnings	13,532	6,184	45.7%	7,057	17,057	14,971	87.8%
Other Revenues	2,355	1,505	63.9%	400	1,018	564	55.4%
Total Revenues	\$ 495,207	\$ 327,468	66.1%	\$ 500,627	\$ 496,412	\$ 342,647	69.0%
Revenue Requirements							
Operations & Maintenance Expense	\$ 204,123	\$ 129,925	63.7%	\$ 205,644	\$ 222,026	\$ 143,540	64.7%
General Retirement System Legacy Pension	10,824	7,216	66.7%	-	-	-	0.0%
Debt Service	212,509	142,284	67.0%	228,328	230,976	155,471	67.3%
General Retirement System Accelerated Pension	11,621	7,747	66.7%	6,479	3,097	3,097	100.0%
Extraordinary Repair & Replacement Deposit	-	-	0.0%	-	-	-	0.0%
Water Residential Assistance Program Contribution	2,394	1,596	66.7%	2,503	2,503	1,669	66.7%
Regional System Lease	27,500	18,333	66.7%	27,500	27,500	18,333	66.7%
Operating Reserve Deposit	-	-	0.0%	-	-	-	0.0%
DWSD Budget Shortfall Pending	-	-	0.0%	-	-	-	0.0%
Improvement & Extension Fund Transfer Pending	26,237	18,717	71.3%	30,173	10,311	16,623	161.2%
Total Revenue Requirements	\$ 495,207	\$ 325,817	65.8%	\$ 500,627	\$ 496,412	\$ 338,733	68.2%
Net Difference		\$ 1,651				\$ 3,914	
<i>Recap of Net Positive Variance</i>							
Revenue Variance		\$ (2,670)				\$ 11,706	
Revenue Requirement Variance		4,321				(7,792)	
Overall Variance		\$ 1,651				\$ 3,914	

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024

Operations & Maintenance Budget – Major Budget Categories

The year-over-year benchmark ratio as of February 29, 2024, is 66.7% (eight months). When comparing FY 2024 to FY 2023 in **Table 2 – Operations & Maintenance Budget – Major Budget Categories**, the overall spending is higher in FY 2024.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown in the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

Table 2 – Operations & Maintenance Budget – Major Budget Categories – (\$000)

Major Budget Categories	FY 2023	FY 2023	Percent Year-to-Date at 2/28/2023	FY 2024	FY 2024	Percent Year-to-Date at 2/29/2024
	AMENDED BUDGET	ACTIVITY THRU 2/28/2023		BOARD ADOPTED BUDGET	AMENDED BUDGET	
Water	\$ 85,337	\$ 56,582	66.3%	\$ 82,733	\$ 90,764	61.9%
Sewer	136,348	89,175	65.4%	132,934	144,349	67.3%
Centralized	104,503	63,487	60.8%	106,901	115,935	60.4%
Administrative	34,682	21,222	61.2%	35,983	37,861	62.0%
Employee Benefits	-	-	0.0%	-	-	0.0%
Total O&M Budget	\$ 360,870	\$ 230,466	63.9%	\$ 358,550	\$ 388,908	63.5%

Totals may be off due to rounding

Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of **Table 3 – Operations & Maintenance Expense Variance Analysis** is to evaluate whether the actual spend rate within a natural cost category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities.

Total: In total, the overall O&M expenses are at 63.5% which is below the pro-rata benchmark of 66.7%. This positive variance equates to a dollar amount of \$12.4 million. The expense category commentary is provided below for items highlighted on Table 3.

Personnel Costs: The overall category is slightly below the pro-rata benchmark; coming in at 66.6% through February 2024.

Utilities: The overall category is above the pro-rata benchmark; coming in at 68.4% through February 2024. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is above the pro-rata benchmark, coming in at 68.5%. It should be noted that variances are not unexpected as usage varies throughout the year. The first three months of GLWA's fiscal year (July, August, and September) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well. This category continues to be monitored.
- **Gas** is coming in at 76.2% which is above the benchmark of 66.7%. Variances within this category are not unexpected as usage varies throughout the year. This category is under review.
- **Sewage service** is lower than the benchmark, coming in at 52.9%. This category is under review.
- **Water service** is slightly above than the benchmark, coming in at 67.8%. As meters have been repaired or replaced at the WRRF, the billings that previously reported estimated readings have been replaced with actual readings. The actual readings have been coming in higher than the estimated billings. In addition, a new water billing structure was implemented in early FY 2023 which has resulted in an increase in the water billing rate. This category continues to be monitored.

Chemicals: This category is lower than the benchmark; coming in at 63.8% through February 2024. The FY 2024 budget was amended for the increase in chemical costs. Variances within this category are not unexpected as usage varies throughout the year.

Supplies & Other: This category is lower than the pro-rata benchmark; coming in at 58.8% through February 2024. Given that the nature of the items in this category are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected. A review of this category is being conducted.

Contractual Services: The overall category is lower than the pro-rata benchmark; coming in at 63.1% through February 2024. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed from that in which they were budgeted.

Capital Program Allocation: This category is lower than the benchmark; coming in at 40.8% through February 2024. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs section of the Operations & Maintenance (O&M) budget. A review of this category is being conducted.

Shared Services: This category is higher than the benchmark; coming in at 70.6% through February 2024. The shared services reimbursement is comprised of both labor (tracked via BigTime) and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2024. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount.

Table 3 – Operations & Maintenance Expense Variance Analysis – (\$000)

Expense Categories	FY 2023 AMENDED BUDGET	FY 2023 ACTIVITY THRU 2/28/2023	Percent Year-to- Date at 2/28/2023	FY 2023 ACTIVITY THRU 6/30/2023	Percent Year-to- Date at 6/30/2023	FY 2024 AMENDED BUDGET	FY 2024 PRORATED		Percent Year-to- Date 2/29/2024	FY 2024 Prorated Amended Budget Less FY 2024 Activity
							FY 2024 AMENDED BUDGET	FY 2024 ACTIVITY THRU 2/29/2024		
Entity-wide										
Salaries & Wages	\$ 71,395	\$ 47,374	66.4%	\$ 70,114	67.6%	\$ 75,308	\$ 50,205	\$ 50,821	67.5%	\$ (616)
Workforce Development	1,326	845	63.7%	1,414	59.7%	1,754	1,169	1,237	70.5%	(67)
Overtime	8,411	5,605	66.6%	8,571	65.4%	7,503	5,002	5,839	77.8%	(837)
Employee Benefits	25,582	16,581	64.8%	24,790	66.9%	28,401	18,934	17,836	62.8%	1,098
Transition Services	9,432	6,240	66.2%	9,920	62.9%	10,041	6,694	6,234	62.1%	460
Employee Benefits Fund	-	-	0.0%	-	0.0%	-	-	-	0.0%	-
Personnel Costs	116,145	76,645	66.0%	114,808	66.8%	123,007	82,005	81,967	66.6%	38
Electric	47,963	30,847	64.3%	48,176	64.0%	49,042	32,694	33,613	68.5%	(918)
Gas	12,042	9,019	74.9%	10,821	83.3%	6,203	4,135	4,727	76.2%	(592)
Sewage Service	3,028	1,821	60.1%	3,052	59.7%	2,847	1,898	1,506	52.9%	392
Water Service	11,589	7,136	61.6%	15,228	46.9%	13,098	8,732	8,876	67.8%	(144)
Utilities	74,622	48,823	65.4%	77,277	63.2%	71,189	47,460	48,722	68.4%	(1,262)
Chemicals	29,525	19,194	65.0%	30,542	62.8%	31,960	21,307	20,404	63.8%	903
Supplies & Other	36,163	21,356	59.1%	35,766	59.7%	46,006	30,671	27,062	58.8%	3,609
Contractual Services	106,625	66,752	62.6%	108,726	61.4%	113,918	75,945	71,836	63.1%	4,109
Capital Program Allocation	(2,135)	(1,349)	63.2%	(2,190)	61.6%	(3,761)	(2,507)	(1,533)	40.8%	(974)
Shared Services	(1,571)	(955)	60.8%	(3,270)	29.2%	(2,207)	(1,471)	(1,558)	70.6%	87
Unallocated Reserve	1,497	-	0.0%	-	0.0%	8,796	5,864	-	0.0%	5,864
Total Expenses	\$ 360,870	\$ 230,466	63.9%	\$ 361,658	63.7%	\$ 388,908	\$ 259,272	\$ 246,899	63.5%	\$ 12,373

Totals may be off due to rounding



The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses -All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund*, and *Capital Asset Fund*.

The June 2023 comparative amounts shown in the tables below are presented based on final audited figures.

Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

**Table 1 – Statement of Net Position - All Funds Combined
As of February 29, 2024
(\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2023
Assets				
Cash - unrestricted (a)	\$ 176,805	\$ 253,215	\$ 430,020	\$ 482,736
Cash - restricted (a)	224,123	270,177	494,299	470,204
Investments - unrestricted (a)	106,423	106,105	212,528	63,241
Investments - restricted (a)	115,812	154,790	270,602	177,998
Accounts Receivable	78,364	49,459	127,824	171,747
Due from (to) Other Funds (b)	2,016	(2,016)	-	-
Other Assets (c)	663,406	401,654	1,065,059	1,056,956
Cash held FBO DWSD Advance	-	-	-	-
Capital Assets, net of Depreciation	1,166,147	1,914,361	3,080,508	3,229,243
Land	293,617	126,816	420,433	420,433
Construction Work in Process (e)	491,497	334,169	825,666	668,326
Total assets	3,318,209	3,608,730	6,926,939	6,740,885
Deferred Outflows (f)	41,038	82,968	124,006	181,672
Liabilities				
Liabilities - Liabilities-ST	166,087	193,296	359,383	424,229
Due to (from) Other Funds (b)	-	-	-	-
Other Liabilities (h)	2,215	5,833	8,048	7,500
Cash Held FBO DWSD (d)	22,222	37,803	60,025	42,464
Liabilities - Long-Term (i)	3,227,565	3,456,831	6,684,396	6,598,619
Total liabilities	3,418,089	3,693,763	7,111,852	7,072,812
Deferred Inflows (f)	53,936	70,354	124,291	81,327
Total net position (j)	\$ (112,778)	\$ (72,420)	\$ (185,198)	\$ (231,582)

Totals may be off due to rounding

In general, the Statement of Net Position reflects a mature organization with no unexpected trends.

An ongoing challenge is the Net Position Deficit. The underlying causes took years to build (largely heavy use of debt to finance capital asset investment versus a strategic blend of debt, state revolving funds, and cash). The effect is reflected in GLWA's high debt interest expense. The GLWA is regularly updating the FY 2032 forecast which helps to provide a pathway to a positive Net Position in the future.

Footnotes to Statement of Net Position

- a. *Cash and Investments* during the fiscal year are reported at book value. Investments at June 30, 2023 are reported at market value. The February 29, 2024 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
- b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
- c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
- d. *Cash Held FBO Advance (for benefit of) DWSD* and *Cash Held FBO DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
- e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
- f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
- g. *Liabilities - Short-term* include accounts payable, retainage payable, and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
- h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
- i. *Liabilities – Long-term* include bonds payable, lease payable, and legacy General Retirement System pension liabilities.
- j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. GLWA's net deficit is largely driven by an increase in depreciation expense because of the increase in the acquisition valuation approach for recording capital asset values in the opening Statement of Net Position on January 2016. Efforts are underway to evaluate the net operating effect of this matter over the long term.

Statement of Revenues, Expenses and Changes in Net Position

– All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the February 2024 Financial Report Binder. Prior year ending balances are provided in the June 30, 2023 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

Table 2 – Statement of Revenues, Expenses and Changes in Net Position
– All Funds Combined
For the Eight Months ended February 29, 2024
(\$000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business- Type Activities	Comparative June 30, 2023
Revenue						
Wholesale customer charges	\$ 227,612	92.8%	\$ 187,807	57.3%	\$ 415,420	\$ 616,511
Local system charges	17,025	6.9%	131,046	40.0%	148,071	213,877
Industrial waste charges		0.0%	5,787	1.8%	5,787	8,393
Pollutant surcharges		0.0%	2,471	0.8%	2,471	4,895
Other revenues	570	0.2%	393	0.1%	963	2,011
Total Revenues	245,207	100.0%	327,505	100.0%	572,712	845,686
Operating expenses						
Operations and Maintenance	100,570	41.0%	144,673	44.2%	245,243	366,823
Depreciation	81,027	33.0%	105,148	32.1%	186,175	289,957
Amortization of intangible assets	2,516	1.0%	432	0.1%	2,948	4,006
Total operating expenses	184,113	75.1%	250,253	76.4%	434,366	660,786
Operating Income	61,094	24.9%	77,253	23.6%	138,347	184,900
Total Nonoperating (revenue) expense	50,012	20.4%	41,950	12.8%	91,963	197,183
Increase/(Decrease) in Net Position	11,081	4.5%	35,302	10.8%	46,384	(12,283)
Net Position (deficit), beginning of year	(123,860)		(107,722)		(231,582)	(219,299)
Net position (deficit), end of year	\$ (112,778)		\$ (72,420)		\$ (185,198)	\$ (231,582)

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is \$11.1 million.
- ✓ Wholesale water customer charges of \$227.6 million account for 92.8% of Water System revenues.
- ✓ Operating expenses of \$184.1 million represent 75.1% of total operating revenue. Depreciation is the largest operating expense at \$81.0 million or 44.0% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights.
- ✓ Operating income after operating expenses (including depreciation) equals \$61.1 million or 24.9% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$59.1 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is \$35.3 million.
- ✓ Wholesale customer charges of \$187.8 million account for 57.3% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average “share” of each customer’s historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of \$131.0 million account for 40.0% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$250.3 million represent 76.4% of total operating revenue. Depreciation is the largest operating expense at \$105.1 million or 42.0% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease.
- ✓ Operating income after operating expenses (including depreciation) equals \$77.3 million or 23.6% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$70.3 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the February 2024 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses
– All Funds Combined
For the Eight Months ended February 29, 2024
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	18,931	18.8%	39,362	27.2%	58,292	23.8%
Overtime	3,596	3.6%	2,242	1.5%	5,839	2.4%
Benefits	12,777	12.7%	5,060	3.5%	17,836	7.3%
Total Personnel	\$ 35,304	35.1%	\$ 46,664	32.3%	\$ 81,967	33.4%
Utilities						
Electric	21,090	21.0%	12,522	8.7%	33,613	13.7%
Gas	803	0.8%	3,924	2.7%	4,727	1.9%
Sewage	234	0.2%	1,272	0.9%	1,506	0.6%
Water	2	0.0%	8,874	6.1%	8,876	3.6%
Total Utilities	\$ 22,129	22.0%	\$ 26,593	18.4%	\$ 48,722	19.9%
Chemicals	7,666	7.6%	12,737	8.8%	20,404	8.3%
Supplies and other	7,724	7.7%	18,656	12.9%	26,380	10.8%
Contractual services	32,605	32.4%	41,422	28.6%	74,027	30.2%
Capital Adjustment	-	0.0%	-	0.0%	-	0.0%
Capital program allocation	(765)	-0.8%	(769)	-0.5%	(1,533)	-0.6%
Intergovernmental Agreement	(3,049)	-3.0%	(115)	-0.1%	(3,165)	-1.3%
Shared services allocation	(1,043)	-1.0%	(515)	-0.4%	(1,558)	-0.6%
Operations and Maintenance Expenses	\$ 100,570	100.0%	\$ 144,673	100.0%	\$ 245,243	100.0%

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (19.9% of total O&M expenses) and chemicals (8.3% of total O&M expenses).
- ✓ Personnel costs (33.4% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (30.2%) includes:
 - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$4.2 million);
 - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$12.3 million); and
 - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenance, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offsets to associated costs in other Operations and Maintenance expense categories.

Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

**Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined
For the Eight Months ended February 29, 2024
(\$000)**

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2023
Nonoperating (Revenue)/Expense				
Interest income contractual obligation	\$ (16,074)	\$ (10,499)	\$ (26,573)	\$ (41,059)
Investment earnings	(16,800)	(21,080)	(37,880)	(35,344)
Net (incr) decr in fair value of investmt	(1,305)	(2,617)	(3,922)	(2,257)
Other nonoperating revenue	(182)	(28,036)	(28,219)	(3,872)
Interest Expense				
Bonded debt	75,174	80,768	155,942	228,066
Lease obligation	11,062	13,520	24,581	37,319
Other obligations	2,806	1,080	3,885	5,906
Total interest expense	89,041	95,367	184,409	271,291
Other non-capital expense	-	-	-	-
Memorandum of Understanding	-	-	-	-
Capital Contribution	-	-	-	(2,176)
Amortization, issuance costs, debt	(9,069)	2,020	(7,049)	(3,998)
(Gain) loss on disposal of capital assets	4	(16)	(12)	2,119
Loss on impairment of capital assets	-	-	-	-
Discontinued Capital Projects	-	-	-	20,903
Water Residential Assistance Program	1,994	2,511	4,505	12,343
Legacy pension expense	2,403	4,300	6,703	(20,765)
Total Nonoperating (Revenue)/Expense	\$ 50,012	\$ 41,950	\$ 91,963	\$ 197,183

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2022 market value adjustments for Water and Sewer total \$2.8 million and \$3.9 million, respectively. FY 2023 market value adjustments for Water and Sewer total \$1.3 million and \$2.6 million, respectively. Any difference is due to realized gain or loss on investments.

- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
 - Bonded debt;
 - Lease obligation for the regional assets from the City of Detroit; and
 - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2024 and FY 2023 other non-operating income primarily represents FEMA Covid-19 grant income for the Water and Sewage Disposal systems.
- ✓ The FY 2023 capital contribution in Nonoperating (revenue) expense represents funds from the Evergreen Farmington Sewer District for a maximum discharge capacity of 227 cubic feet per second (cfs) to the regional sewer system.
- ✓ FY 2023 Sewage Disposal loss on disposal of capital assets includes sale of McKinstry warehouse.
- ✓ For FY 2023, GLWA is recognizing non-operating pension revenue rather than expense as a result of improved investment earnings for the plan.
- ✓ The FY 2023 Discontinued capital projects represents the cancellation of three Water CIP projects to repurpose the Northeast Water Treatment Plant.

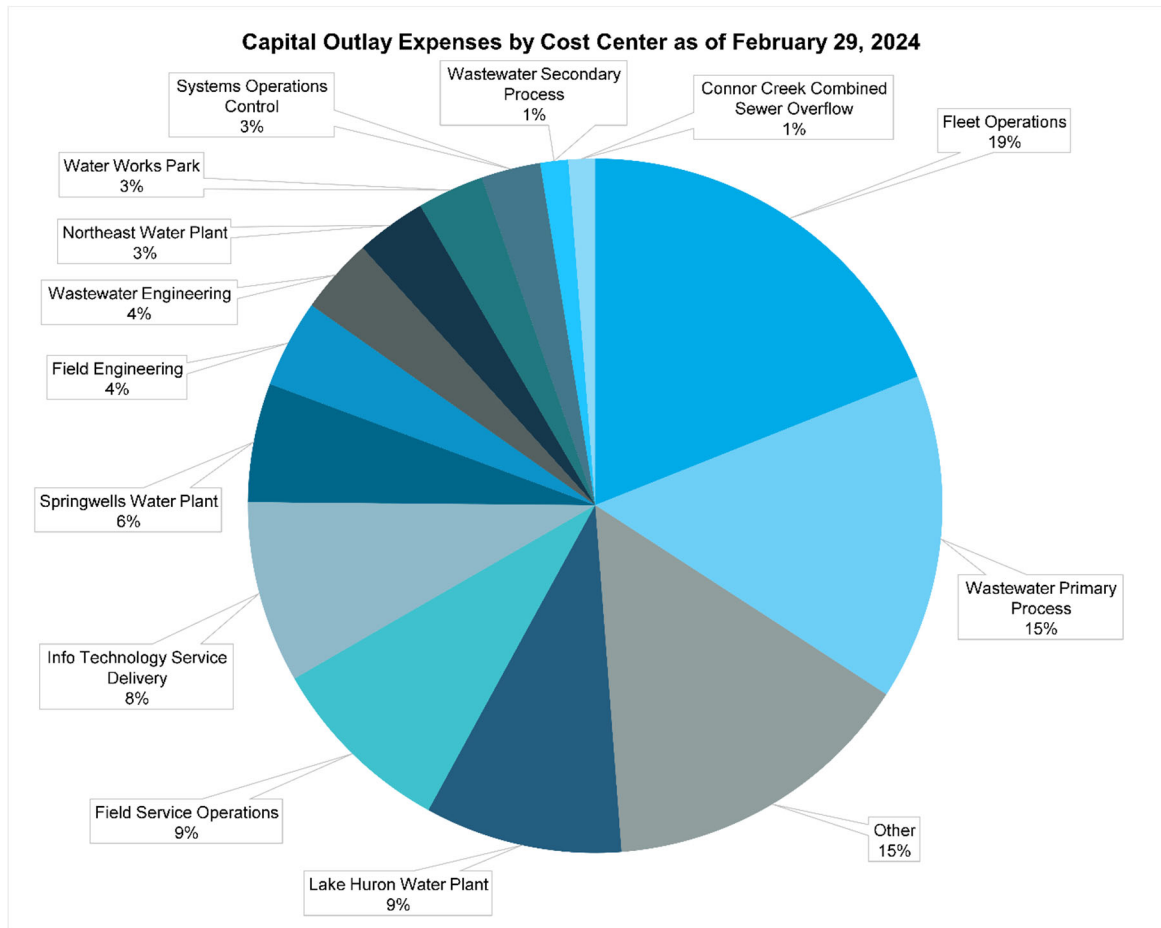


Financial Activity Charts

Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA’s capitalization policy.

Through February 29, 2024, total capital outlay spend is \$13.7 million. Following this chart is a sample list of projects and purchases from the total spend of \$13.7 million:



Note: Due to rounding totals may not equal 100%.

Water Operations: Ovation power supply upgrade (\$884k); Clarifier Drive (\$797k); Water Works Park build out (\$210k); Northeast Water Treatment Plant fluid heater (\$189k); Lake Huron doors and frames (\$132k); STACO energy first line universal

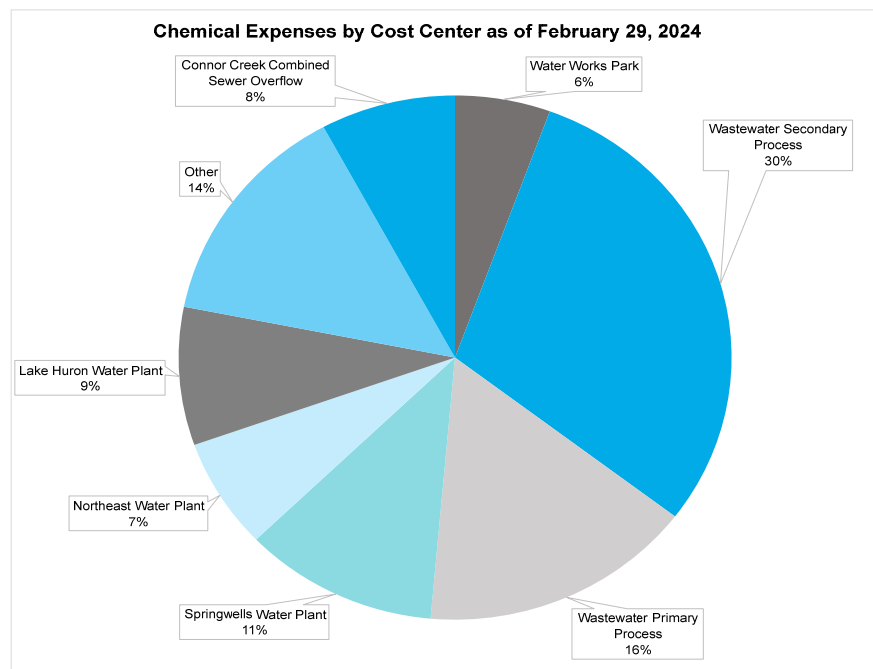
power supply (\$91k); Springwells elevator repairs (\$89k); Ozone vessel refurbish (\$84k); Northeast Water Treatment Plant annual work platform (\$73k) and compact utility tractor (\$57k).

Wastewater Operations: Magnetic Low Meter Replacement (\$1.1m); WRRF flow meter replacement (\$669k); Complex A pump replacement (\$265k); WRRF Incinerator freight elevator (\$255k); CSO’s system control center support (\$220k); WRRF Primary area gas detection system (\$158k); Scum hopper pump (\$131k); Multiple CSO’s submersible motor (\$92k); Submersible chopper pump (\$89k); WRRF EV charging stations (\$80k); Chlorination scrubber pump (\$70k); Bluehill Pump Station ovation upgrade (\$66k); Baby Creek furniture and supplies (\$64k); Fischer Pump Station ovation upgrade (\$61k); Hubble furniture and supplies (\$61k); 7 mile CSO influent slide gate replacement (\$59k) and collection system level sensors (\$54k).

Centralized & Administrative Facilities: Trucks and vehicles (\$2.5m); Computer hardware and software (\$1.2m); Pump stations ovation upgrade (\$1.1m); Ovation upgrade and cabinet replacement (\$288k); Sewer meter support (\$161k); Database support (\$125k); Forklift (\$86k); WRRF furniture and supplies (\$82k); Base trex platform (\$67k) and Probe (\$58k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

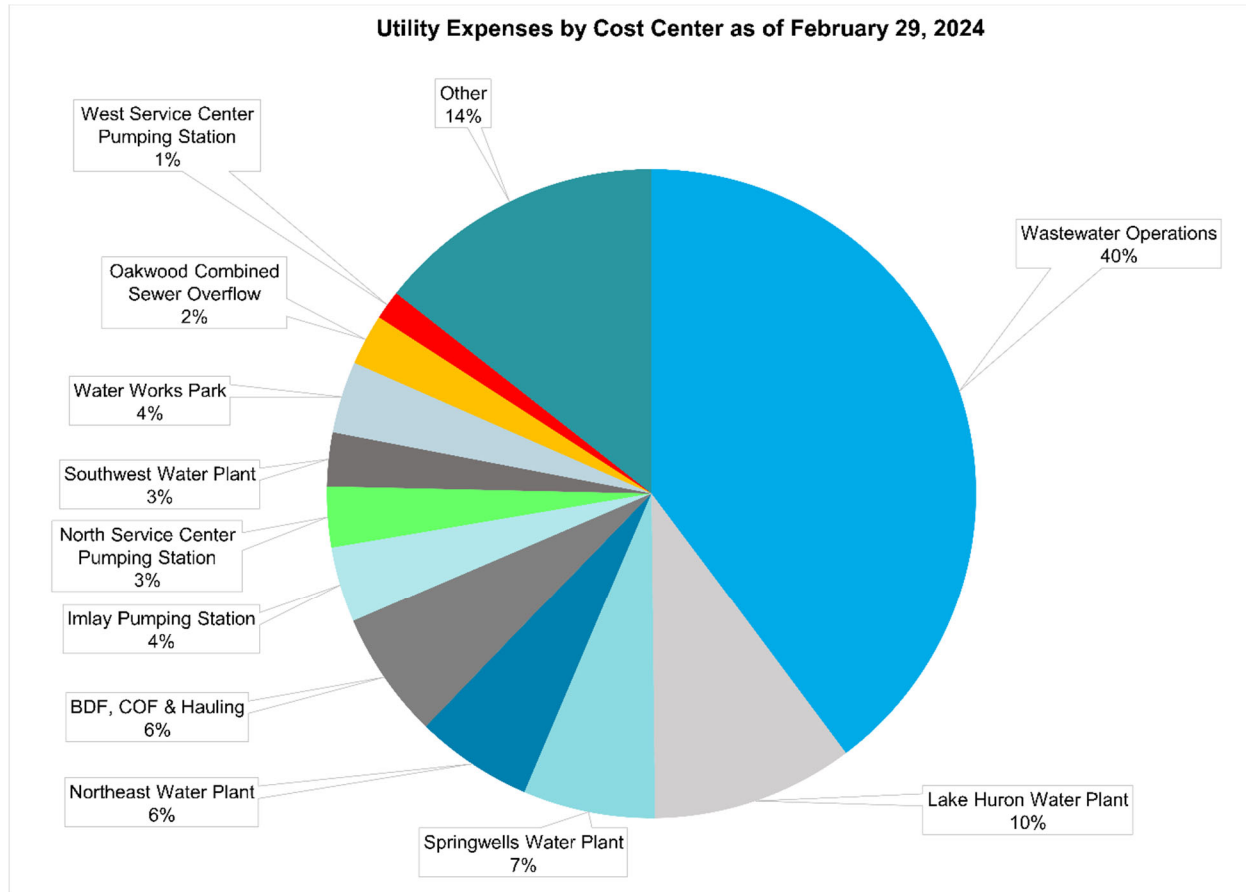
Chemical expenses are \$20.4 million through February 29, 2024. The allocation is shown in the chart below and remains consistent with prior periods.



Note: “Other” includes Combined Sewer Overflow (CSO), portions of the Wastewater process and two departments from Water. Due to rounding totals may not equal 100%.

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are \$48.7 million through February 29, 2024. The allocation is shown in the chart below and consistent with prior periods.



Note: Due to rounding totals may not equal 100%.



Financial Operations KPI

This key performance indicator shown in **Chart 1 – Bank Reconciliation Completion Status** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through February 29, 2024 all reconciliations are up-to-date and complete.

There were no new accounts added in the general ledger since January 2024.

Chart 1 – Bank Reconciliation Completion Status

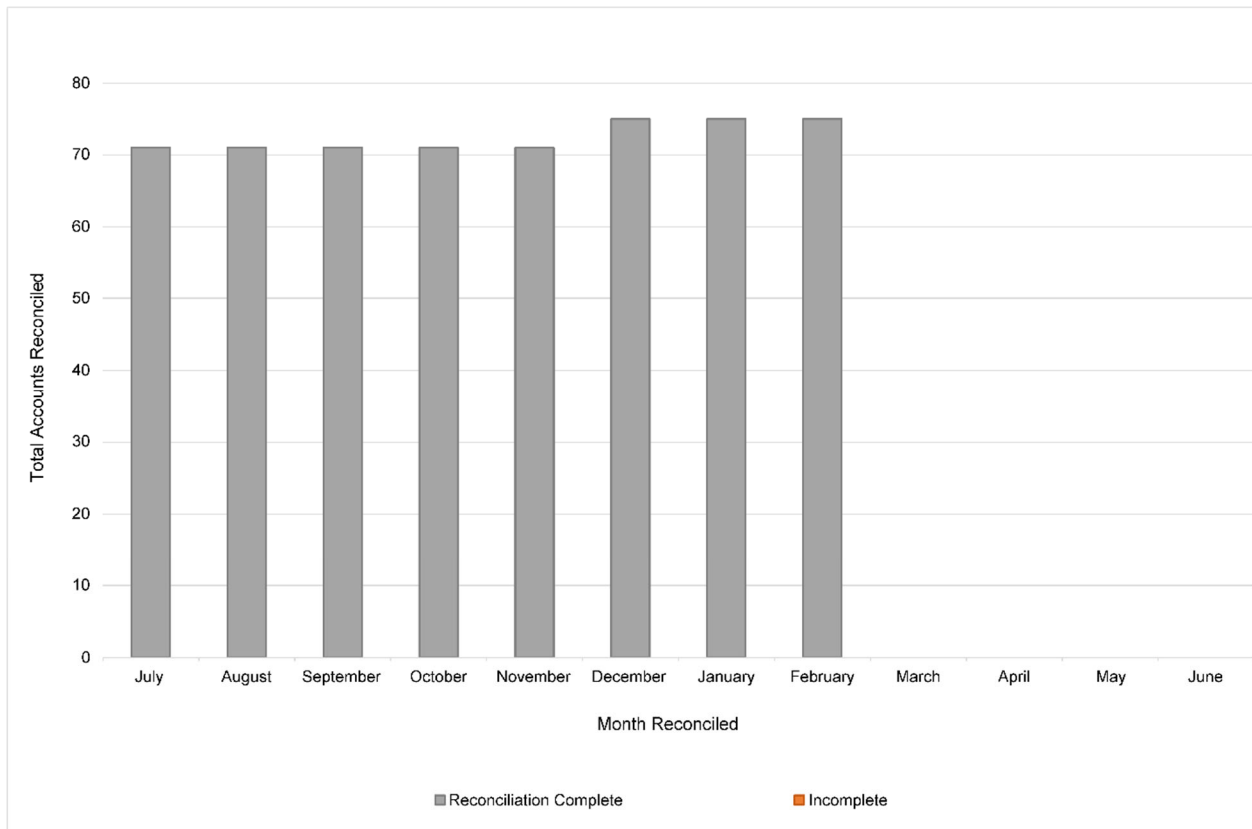


Table 1 – Fiscal Year 2024 GL Cash Account Rollforward

Total GL Cash accounts as of July 1, 2023	71
New GL Cash accounts	4
Inactivated GL Cash accounts	0
Total GL Cash accounts as of February 29, 2024	75

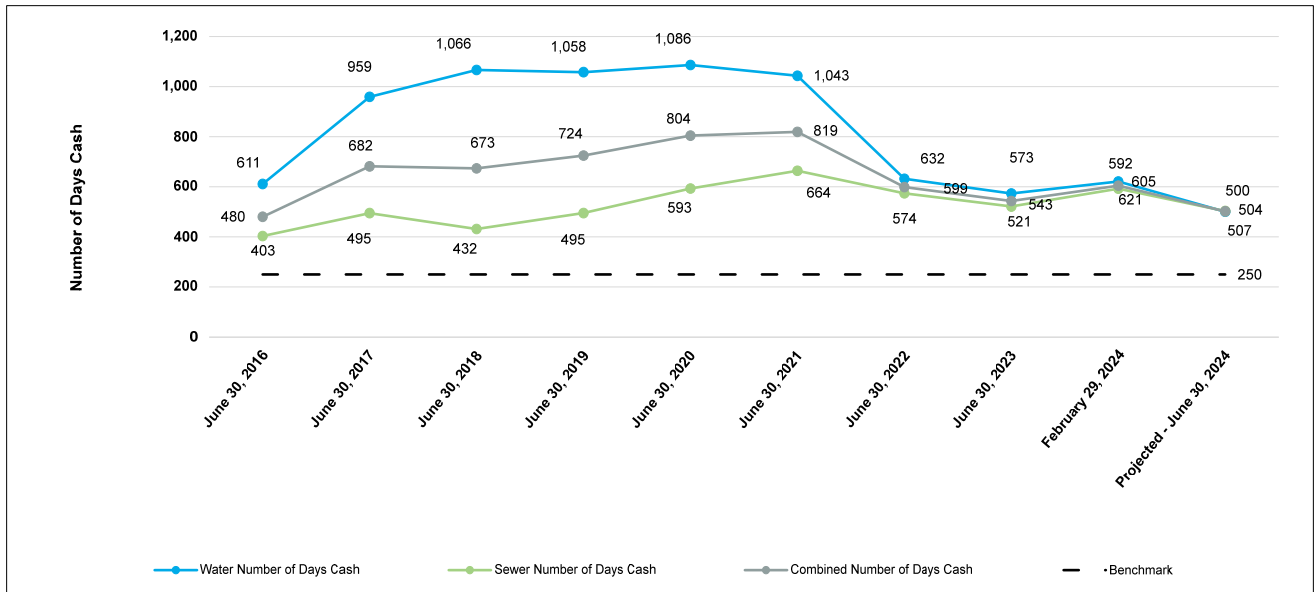


Financial Operations KPI - Liquidity

This key performance indicator shown in **Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System** and **Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System** below provides a measure of a utility’s ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization’s financial strength. A best practice benchmark for this key performance indicator is greater than 250 days cash on hand as shown by the dashed line in Chart 1 below.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 621 and Sewer at 592 days cash on hand as of February 29, 2024. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. A December 2023 revenue bond transaction replenished the construction bond funds and reduced the emphasis on I&E funding. The FY 2024 projection is calculated based on values from the GLWA FY 2024 – 2028 Budget & Five-Year Plan adjusted for 2nd quarter budget amendments.

Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System



Note: The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.

Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System

	<u>June 30, 2023</u>	<u>February 29, 2024</u>	<u>Projected June 30, 2024</u>
Water Fund			
Cash and Investments - Unrestricted	\$ 243,707,000	\$ 283,228,000	\$ 228,800,000
Operating Expense			
Operating Expense (a)	\$ 285,220,000	\$ 205,433,000	\$ 308,150,000
Less: Depreciation (a)	(126,486,000)	(91,800,000)	(137,700,000)
Less: Amortization of Intangible Asset (a)	(3,567,000)	(2,378,000)	(3,567,000)
Net Operating Expense	\$ 155,167,000	\$ 111,255,000	\$ 166,883,000
Operating Expense per Day	\$ 425,000	\$ 456,000	\$ 457,000
Days Cash			
Number of Days Cash	573	621	500
Sewage Disposal Fund			
Cash and Investments - Unrestricted	\$ 302,270,000	\$ 359,319,000	\$ 306,100,000
Operating Expense			
Operating Expense (a)	\$ 375,567,000	\$ 258,350,000	\$ 387,526,000
Less: Depreciation (a)	(163,471,000)	(110,333,000)	(165,500,000)
Less: Amortization of Intangible Asset (a)	(440,000)	-	-
Net Operating Expense	\$ 211,657,000	\$ 148,017,000	\$ 222,026,000
Operating Expense per Day	\$ 580,000	\$ 607,000	\$ 608,000
Days Cash			
Number of Days Cash	521	592	503
Combined			
Cash and Investments - Unrestricted	\$ 545,977,000	\$ 642,547,000	\$ 534,900,000
Operating Expense			
Operating Expense (a)	\$ 660,787,000	\$ 463,783,000	\$ 695,675,000
Less: Depreciation (a)	(289,957,000)	(202,133,000)	(303,200,000)
Less: Amortization of Intangible Asset (a)	(4,006,000)	(2,378,000)	(3,567,000)
Net Operating Expense	\$ 366,824,000	\$ 259,272,000	\$ 388,908,000
Operating Expense per Day	\$ 1,005,000	\$ 1,063,000	\$ 1,066,000
Days Cash			
Number of Days Cash	543	605	502
<i>Totals may be off due to rounding</i>			

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.



The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

Purpose for Crosswalk: The Great Lakes Water Authority establishes a “Revenue Requirements” budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the “Net Difference” to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12th of the budget as defined in the MBO (“the flow of funds”) for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses based on an accrual basis
- O&M Legacy Pension Allocation (includes administrative fee) and Accelerated Legacy Pension Allocation (includes B&C notes obligation) based on a cash basis
- Debt Service Allocation based on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments based on a cash basis
- Water Residential Assistance Program based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation on a cash basis

Budget: In Table 1A and Table 1B of the Budget to Actual Analysis the ‘Revenues’ section is the accrual basis revenues that are available to meet the ‘Revenue Requirements’. The ‘Revenue Requirements’ section budget column indicates the annual cash transfers to be made.

Financial Reporting: The Authority's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis provides a reconciliation of the “Net Difference” in Table 1A and Table 1B in the Budget to Actual Analysis report to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis (\$000)
For the Eight Months Ended February 29, 2024**

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	\$ 8,124	\$ 3,914	\$ 12,038
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	922	1,784	2,706
Prior year pension contribution accounted for in current year (d)	(2,403)	(4,300)	(6,703)
Administrative prepaid adjustment (e)	-	-	-
Debt service (f)	50,038	85,202	135,240
Accelerated pension B&C notes obligation portion (g)	143	321	464
Regional System lease (h)	3,938	4,813	8,751
GASB 87 & GASB 96 adjustments (h)	3,184	418	3,602
WRAP (i)	(760)	(842)	(1,602)
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	14,392	16,623	31,015
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(83,543)	(105,580)	(189,123)
Amortization - debt related (k)	9,069	(2,020)	7,049
Other nonoperating income (k)	-	-	-
Other nonoperating expense (k)	-	27,866	27,866
Gain(loss) on disposal of capital assets (k)	(4)	16	12
Raw water rights obligation (l)	1,962	-	1,962
Investment earnings for construction fund (m)	5,122	6,110	11,232
Interest on DWSD note receivable (n)	-	-	-
Investment earnings unrealized gain/loss (o)	1,305	2,617	3,922
Improvement & extension fund operating expenses (p)	(408)	(1,640)	(2,049)
Net Position Increase/(Decrease) per Financial Statements (b)	\$ 11,081	\$ 35,302	\$ 46,384

Table 2 - Explanatory Notes for Crosswalk

- (a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report
- (b) Source: Basic Financial Statements Table 2 in Monthly Financial Report
- (c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.
- (d) Prior year pension payments are accounted for in the current year financial statements.

- (e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. The prepaid portion is adjusted in June each year.
- (f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.
- (g) The accelerated pension payment includes the obligation payable for the B&C notes. The pension portion is included in item (c) above. This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.
- (h) Payments for the warehouse lease and subscription-based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes, the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.
- (i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.
- (j) The Improvement & Extension Fund and Extraordinary Repair & Replacement Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.
- (k) Certain nonoperating income and expenses are reported in financial statements only.

- (l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.
- (m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.
- (n) Interest on a DWSD note receivable is budgeted as part of the Sewer improvement and extension fund and is transferred directly to that fund as payments are made. DWSD does not currently have a note receivable due to GLWA.
- (o) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.
- (p) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.



The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

Capital Improvement Plan Financial Summary

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) adopts a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, 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.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. For FY 2024 the original Board approved capital spend rate was 100%. The prorated CIP is calculated by dividing the total fiscal year 2024 Board approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Primavera P6 for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available.

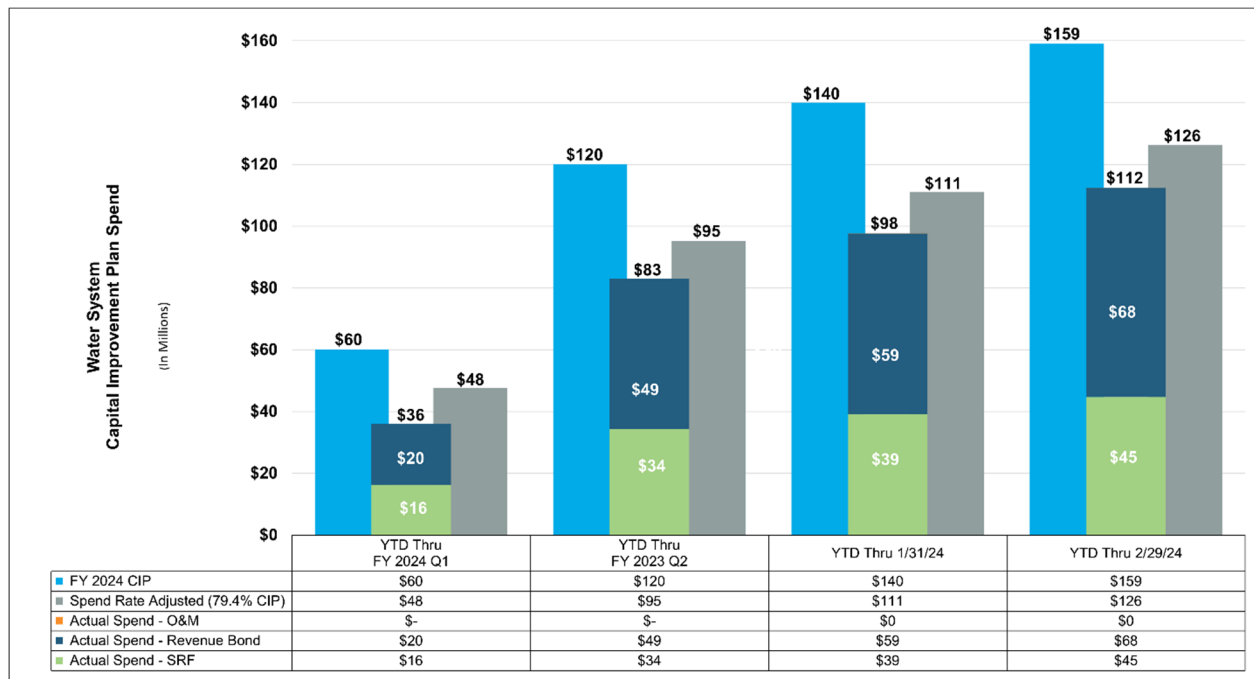
Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of February 2024, the water system incurred \$112 million of construction costs to date. This spend represents 71% of the original Board approved FY 2024 CIP plan and 89% of the spend rate adjusted.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

In April 2024, GLWA staff presented to the Audit Committee a recommendation to amend the spend rate adjusted for the water system from 100% to 79.4%. This recommended change will go to the full Board of Directors for approval in May 2024 and is reflected in Chart 1 below. Current water system spend represents 89% of that spend rate adjusted.

Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



All amounts are unaudited unless otherwise noted.

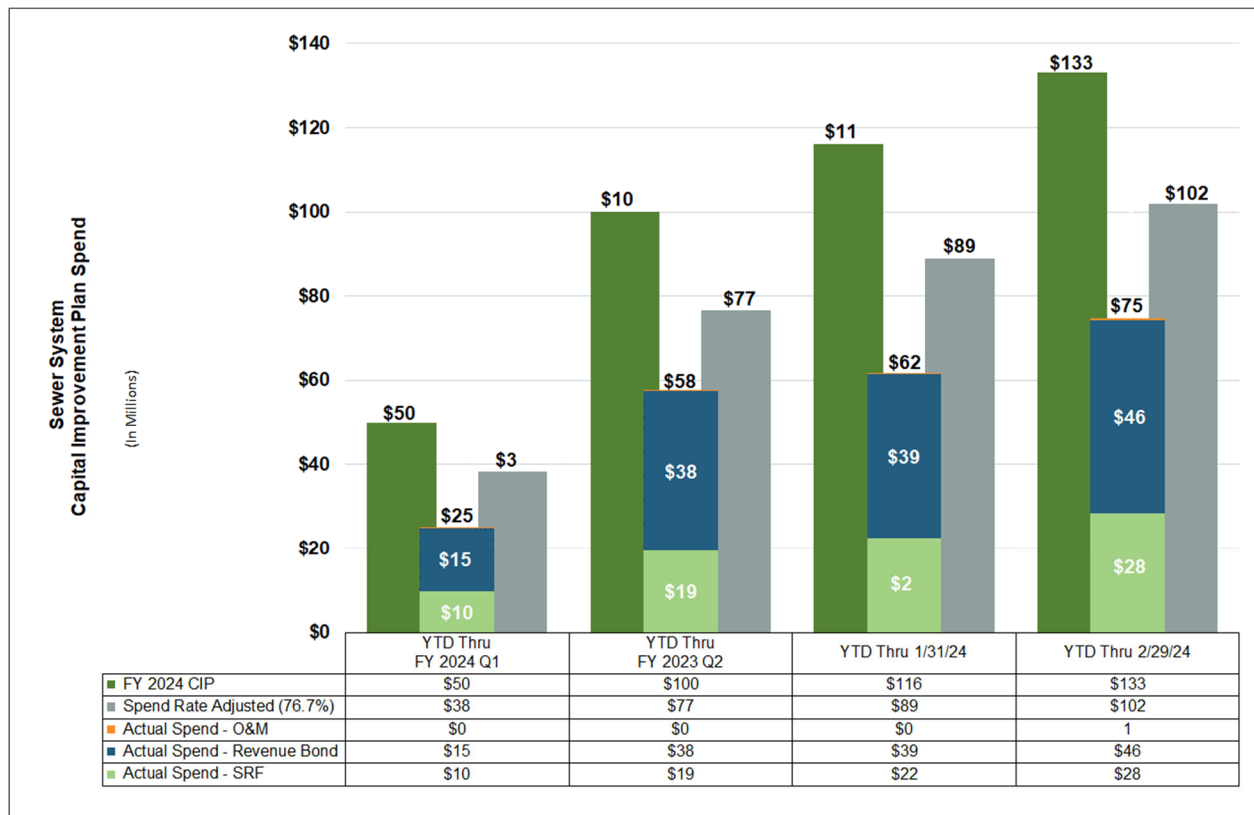
Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of February 2024, the Sewer system incurred \$75 million of construction costs to date. This spend represents 56% of the original Board approved FY 2024 CIP plan and 73% of the spend rate adjusted.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjusted.

In April 2024, GLWA staff presented to the Audit Committee a recommendation to amend the spend rate adjusted for the sewer system from 100% to 76.7%. This recommended change will go to the full Board of Directors for approval in May 2024 and is reflected in Chart 2 below. Current sewer system spend represents 73% of that Board approved spend rate adjusted.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted





This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

MBO Transfers to Accounts Held by GLWA

GLWA Transfers: The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

As of June 30, 2023, GLWA and DWSD have met the requirements of the Plan of Adjustment requiring contributions to the Detroit General Retirement System (GRS) pension plan through Operational and Maintenance Pension sub-accounts. GLWA and DWSD staff monitor the remaining pension obligation closely. Budgeted, annual contributions toward that remaining obligation, at this time identified as limited administrative fee contributions, are transferred to the Pension Obligation Payment fund and reflected in the reported activity found here.

Table 1 – GLWA FY 2024 Water MBO Transfers reflects the required transfers for FY 2024 completed through February 2024. MBO transfers for water totaling \$113.1 million have been transferred to GLWA accounts. In February 2024, an adjustment was made to the non-operating pension to reflect a reduction in the required contribution for FY24. The non-operating pension requirement has been fully funded for the fiscal year.

Table 2 – GLWA FY 2024 Sewer MBO Transfers reflects the required transfers for FY 2024 completed through February 2024. MBO transfers for sewer totaling \$153.2 million have been transferred to GLWA accounts. In February 2024, an adjustment was made to the non-operating pension to reflect a reduction in the required contribution for FY24. The non-operating pension requirement has been fully funded for the fiscal year.



Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2024 to date.

Table 1 – GLWA FY 2024 Water MBO Transfers

	WATER					Budget	Extraordinary	Total Water
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	(For Benefit of DWSD)	Stabilization	Repair & Replacement (ER&R)	
FY 2024								
July 2023	\$ 12,742,200	\$ -	\$ 482,808	\$ 225,850	\$ -	\$ -	\$ -	\$ 13,450,858
August 2023	12,742,200	-	482,808	225,841	-	-	-	13,450,849
September 2023	12,742,200	-	482,808	225,841	-	-	-	13,450,849
October 2023	12,742,200	-	482,808	225,841	-	-	-	13,450,849
November 2023	12,742,200	-	482,808	225,841	-	-	-	13,450,849
December 2023	12,742,200	-	482,808	225,841	-	-	-	13,450,849
January 2024	18,688,752	-	(328,148)	225,895	-	-	-	18,586,499
February 2024	13,591,708	-	-	225,895	-	-	-	13,817,603
March 2024								
April 2024								
May 2024								
June 2024								
Total FY 2024	\$ 108,733,660	\$ -	\$ 2,568,700	\$ 1,806,845	\$ -	\$ -	\$ -	\$ 113,109,205

Table 2 – GLWA FY 2024 Sewer MBO Transfers

	SEWER					Budget	Extraordinary	Total Sewer
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	(For Benefit of DWSD)	Stabilization	Repair & Replacement (ER&R)	
FY 2024								
July 2023	\$ 17,136,975	\$ -	\$ 682,459	\$ 319,700	\$ -	\$ -	\$ -	\$ 18,139,134
August 2023	17,136,975	-	682,459	319,700	-	-	-	18,139,134
September 2023	17,136,975	-	682,459	319,700	-	-	-	18,139,134
October 2023	17,136,975	-	682,459	319,700	-	-	-	18,139,134
November 2023	17,136,975	-	682,459	319,700	-	-	-	18,139,134
December 2023	17,136,975	-	682,459	319,700	-	-	-	18,139,134
January 2024	25,586,377	-	(180,254)	319,702	-	-	-	25,725,825
February 2024	18,344,033	-	-	319,702	-	-	-	18,663,735
March 2024								
April 2024								
May 2024								
June 2024								
Total FY 2024	\$ 146,752,260	-	\$ 3,914,500	\$ 2,557,604	\$ -	\$ -	\$ -	\$ 153,224,364

All amounts are unaudited unless otherwise noted.

Table 3 – GLWA MBO Transfer History

GLWA MBO Transfer History							
WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	\$ 71,052,000	\$ 6,037,100	\$ 10,297,200	\$ 1,983,300	\$ 2,326,900	\$ 606,000	\$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024 (year to date)	108,733,660	-	2,568,700	1,806,845	-	-	113,109,205
Life to Date	\$1,096,439,472	\$ 48,362,300	\$ 87,337,275	\$ 19,381,149	\$ 2,686,900	\$ 2,806,000	\$1,257,013,096

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	\$ 100,865,600	\$ 10,838,400	\$ 14,025,800	\$ 2,523,400	\$ 5,591,700	\$ 779,600	\$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024 (year to date)	146,752,260	-	3,914,500	2,557,604	-	-	153,224,364
Life to Date	\$1,565,888,352	\$ 86,620,800	\$ 120,091,909	\$ 27,561,300	\$ 8,246,100	\$ 779,600	\$1,809,188,061

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024

MBO Required and Lease Payment Transfers to DWSD

DWSD Transfers: The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water & Sewer Lease Agreements, is \$22,500,000 for Water and \$27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

As of June 30, 2023, GLWA and DWSD have met the requirements of the Plan of Adjustment requiring contributions to the Detroit General Retirement System (GRS) pension plan through Operational and Maintenance Pension sub-accounts. GLWA and DWSD staff monitor the remaining pension obligation closely. Budgeted, annual contributions toward that remaining obligation, at this time identified as limited administrative fee contributions, are transferred to the Pension Obligation Payment fund and reflected in the reported activity found here.

Table 4 – DWSD FY 2024 Water MBO Transfers reflects the required transfers for FY 2024 completed through February 2024. MBO transfers for Water totaling \$44.9 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2024 Sewer MBO Transfers reflects the required transfers for FY 2024 completed through February 2024. MBO transfers for Sewer totaling \$55.5 million have been transferred to accounts held by DWSD.

Table 6 – DWSD Water MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2024 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2024 to date.

Table 4 – DWSD FY 2024 Water MBO Transfers

WATER				
	Operations & <u>Maintenance</u>	<u>Pension</u>	Lease Payment <u>(I&E Fund)</u>	<u>Total Water</u>
FY 2024				
July 2023	\$ 3,731,400	\$ -	\$ 1,875,000	\$ 5,606,400
August 2023	3,731,400	-	1,875,000	5,606,400
September 2023	3,731,400	-	1,875,000	5,606,400
October 2023	3,731,400	-	1,875,000	5,606,400
November 2023	3,731,400	-	1,875,000	5,606,400
December 2023	3,731,400	-	1,875,000	5,606,400
January 2024	3,731,400	-	1,875,000	5,606,400
February 2024	3,731,400	-	1,875,000	5,606,400
March 2024				
April 2024				
May 2024				
June 2024				
Total FY 2024	\$ 29,851,200	-	\$ 15,000,000	\$ 44,851,200

Table 5 – DWSD FY 2024 Sewer MBO Transfers

SEWER				
	Operations & <u>Maintenance</u>	<u>Pension</u>	Lease Payment <u>(I&E Fund)</u>	<u>Total Sewer</u>
FY 2024				
July 2023	\$ 4,642,142	\$ -	\$ 2,291,667	\$ 6,933,809
August 2023	4,642,142	-	2,291,667	6,933,809
September 2023	4,642,142	-	2,291,667	6,933,809
October 2023	4,642,142	-	2,291,667	6,933,809
November 2023	4,642,142	-	2,291,667	6,933,809
December 2023	4,642,142	-	2,291,667	6,933,809
January 2024	4,642,140	-	2,291,667	6,933,807
February 2024	4,642,140	-	2,291,667	6,933,807
March 2024				
April 2024				
May 2024				
June 2024				
Total FY 2024	\$ 37,137,132	-	\$ 18,333,336	\$ 55,470,468

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024

Table 6 – DWSD Water MBO and Lease Payment Transfer History

Transfers to DWSD				
WATER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
FY 2016 *				
MBO/Lease Requirement	\$ 26,185,600	\$ 4,262,700	\$ 22,500,000	\$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Net MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
FY 2017				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Net MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
FY 2018				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Net MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
FY 2019				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Net MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
FY 2020				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Net MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
FY 2021				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Net MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
FY 2022				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Net MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
FY 2023				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Net MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
FY 2024 (year to date)				
MBO/Lease Requirement	29,851,200	-	15,000,000	44,851,200
Offset to Debt Service	-	-	-	-
Net MBO Transfer	29,851,200	-	15,000,000	44,851,200
Life-to-Date				
MBO/Lease Requirement	303,244,104	34,157,100	195,000,000	532,401,204
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	303,244,104	34,157,100	163,152,100	500,553,304

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History

	SEWER			
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2016 *				
MBO/Lease Requirement	\$ 19,774,300	\$ 2,861,800	\$ 27,500,000	\$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
Total MBO Transfer	19,774,300	2,861,800	7,508,500	30,144,600
FY 2017				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
Total MBO Transfer	41,535,600	2,862,000	27,500,000	71,897,600
FY 2018				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
Total MBO Transfer	60,517,992	2,856,000	18,333,336	81,707,328
FY 2019				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
Total MBO Transfer	56,767,920	2,856,000	23,085,000	82,708,920
FY 2020				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
Total MBO Transfer	55,243,500	2,856,000	22,467,300	80,566,800
FY 2021				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
Total MBO Transfer	69,915,700	2,856,000	24,242,800	97,014,500
FY 2022				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
Total MBO Transfer	61,301,000	2,856,000	21,970,703	86,127,703
FY 2023				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
Total MBO Transfer	51,396,400	2,856,000	23,111,700	77,364,100
FY 2024 (year to date)				
MBO/Lease Requirement	37,137,132	-	18,333,336	55,470,468
Offset to Debt Service	-	-	-	-
Total MBO Transfer	37,137,132	-	18,333,336	55,470,468
Life-to-Date				
MBO/Lease Requirement	460,689,544	22,859,800	238,333,336	720,961,133
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	453,589,544	22,859,800	186,552,675	663,002,019

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.



This report includes the following:

1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

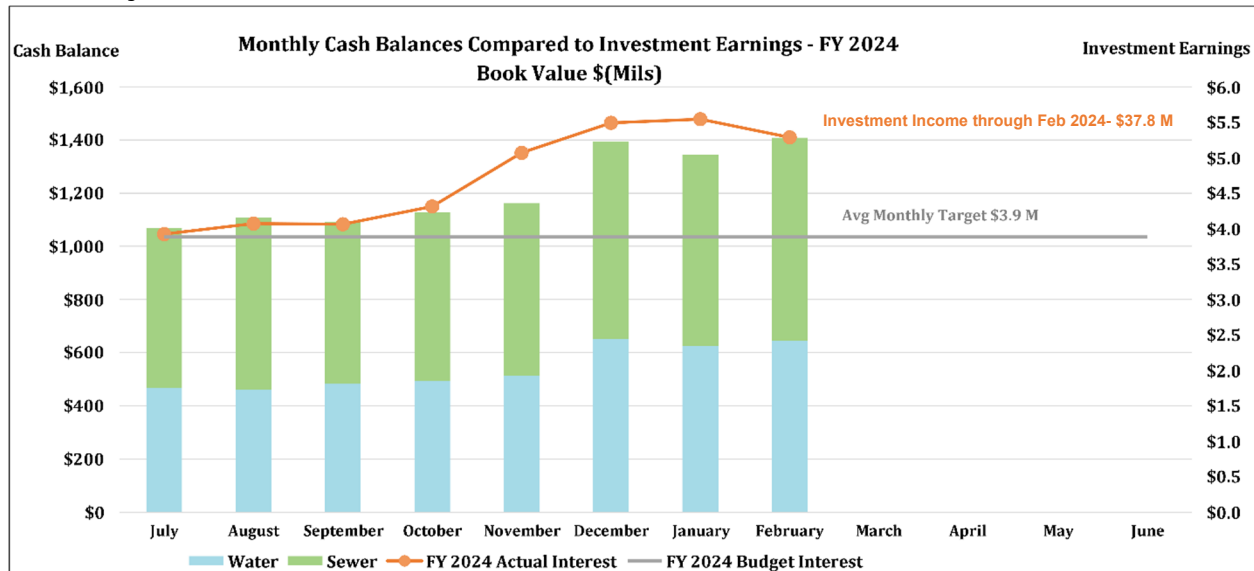
Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of February 2024, GLWA earned investment income of \$5.3 million and cumulative FY 2024 earnings through February 2024 of \$37.8 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

Chart 1 – Monthly Cash Balances Compared to Investment Income – Through February 2024



\$(Mils)	July	August	September	October	November	December	January	February	March	April	May	June
Water	\$466	\$459	\$481	\$492	\$513	\$651	\$623	\$645	-	-	-	-
Sewer	\$602	\$649	\$609	\$635	\$650	\$743	\$722	\$764	-	-	-	-
Total	\$1,068	\$1,107	\$1,090	\$1,127	\$1,162	\$1,393	\$1,346	\$1,409	-	-	-	-
Investment Income	\$3.9	\$4.1	\$4.1	\$4.3	\$5.1	\$5.5	\$5.5	\$5.3	-	-	-	-

Cash Balance Detail

Funds Held By GLWA: GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

Funds Held Within Trust:

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

Funds Held Outside Trust:

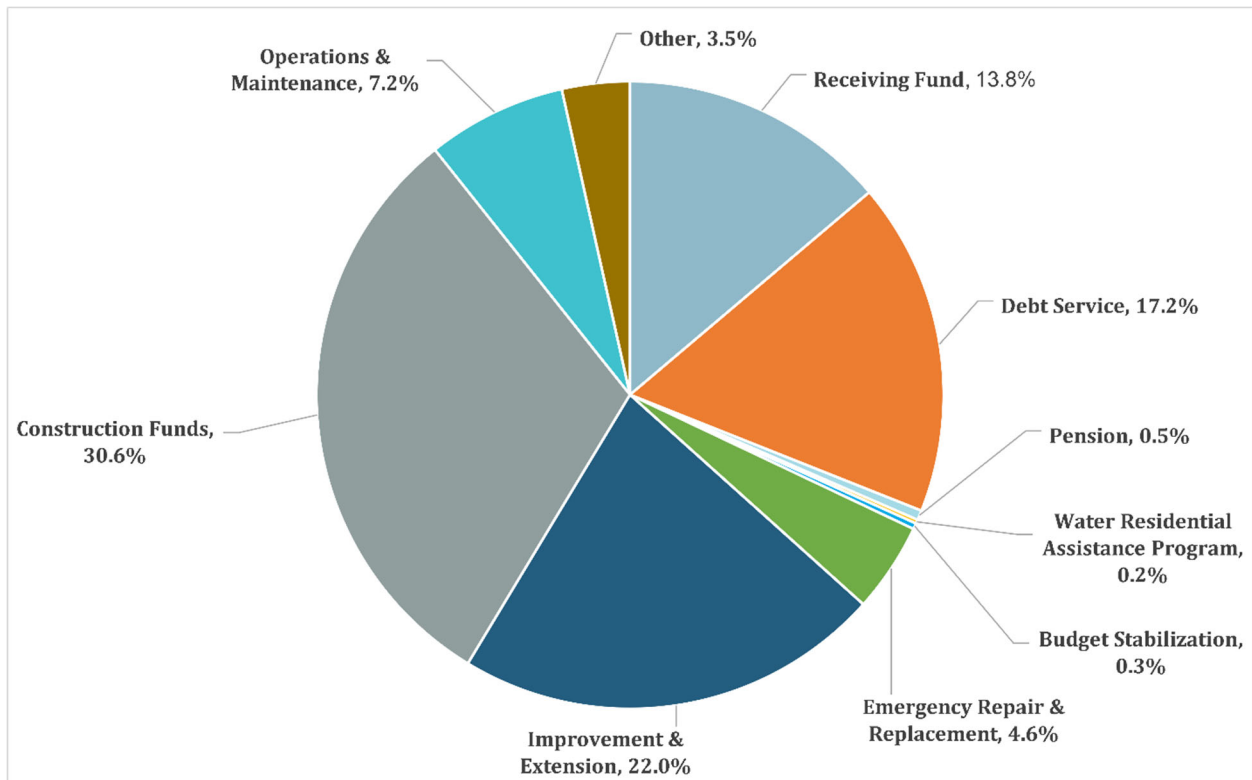
- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system
- Other – retainage funds held on behalf of contractors, security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the Evergreen Farmington Sewer District recognized as related project work is completed

A [chart](#) depicting the follow of funds is online at glwater.org as well as the [MBO](#) documents.

Chart 2 – Cash Balances - Water Funds as of February 2024 - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of February 29, 2024 is \$645 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA’s commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of \$148.5 million in December 2023 to support water system improvements. These funds along with I&E and SRF low-interest loans are funding the capital program.

Chart 2 – Cash Balances - Water Funds as of February 2024

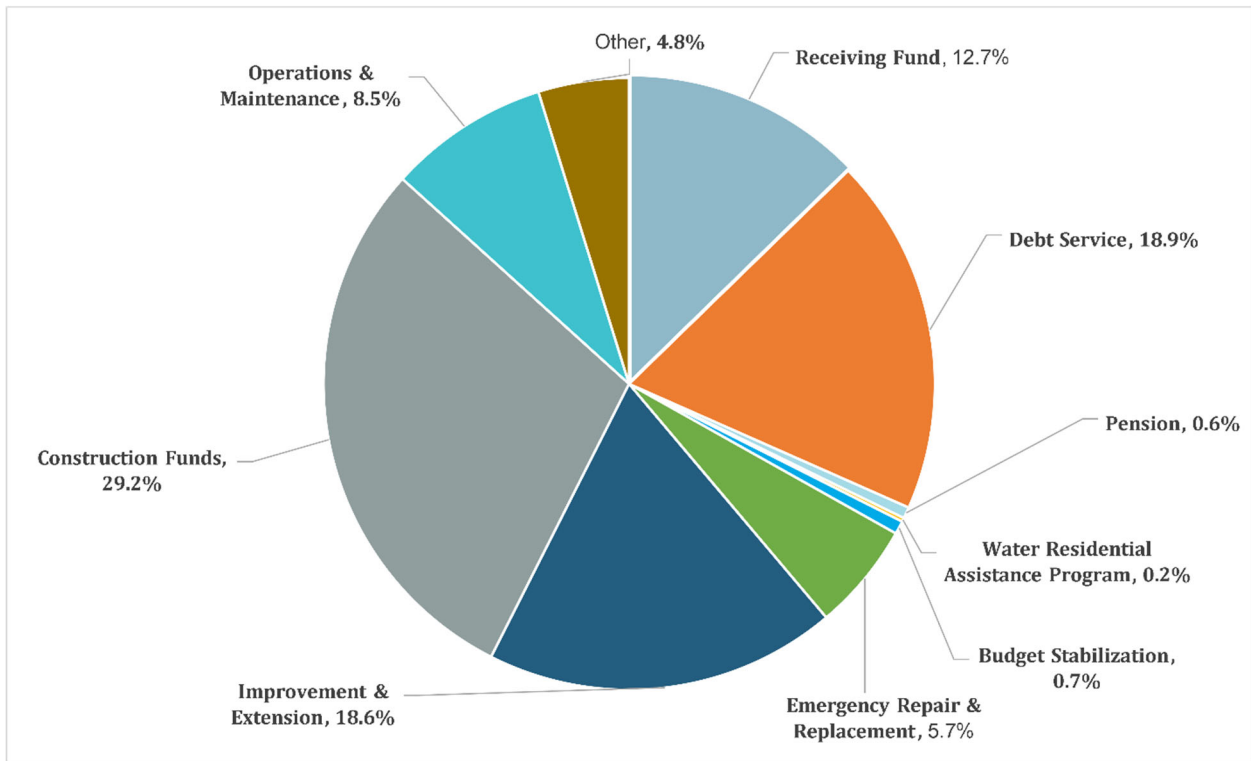


Note: Due to rounding totals may not equal 100%.

Chart 3 – Cash Balances - Sewer Funds as of February 2024 - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of February 29, 2024 is \$764 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA’s commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of \$96.8 million in December 2023 to support sewage disposal system improvements. These funds along with I&E and SRF low-interest loans are currently funding the capital program.

Chart 3 – Cash Balances - Sewer Funds as of February 2024



Note: Due to rounding totals may not equal 100%



Retail Revenues, Receivables, and Collections: Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water & Sewer System Accounts Receivable Aging Report

Note: Wholesale customer revenues are billed by the Great Lakes Water Authority.

DWSD Retail Water Billings and Collections

Retail Billing Basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 1 - DWSD Retail Billings shows the FY 2024 water usage and billed revenue which are provided by DWSD staff. As of February 29, 2024, the DWSD usage was at 104.09% of the budget and billed revenue was at 104.19% of budget.

DWSD Retail Water Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 2 - Retail Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 1 – DWSD Retail Water Billing

RETAIL WATER CUSTOMERS								
Month (1)	FY 2024 - Original Budget		FY 2024 - Actual		FY 2024 - Variance		FY 2023 - Actuals	
	Volume Mcf	Revenue \$	Volume Mcf	Revenue (2) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
July	239,000	12,068,200	248,307	12,606,397	9,307	538,197	244,749	9,490,589
August	237,000	11,985,000	255,079	12,913,868	18,079	928,868	277,313	13,301,941
September	246,000	12,236,000	214,796	11,119,261	(31,204)	(1,116,739)	234,806	11,591,601
October	216,000	11,118,000	222,908	11,409,427	6,908	291,427	239,062	11,730,809
November	205,000	10,664,000	210,687	10,898,684	5,687	234,684	212,663	10,706,519
December	196,000	10,293,000	214,139	11,246,818	18,139	953,818	222,502	11,073,513
January	197,000	10,334,000	224,414	11,263,184	27,414	929,184	227,748	11,257,742
February	208,000	10,788,000	225,041	11,774,408	17,041	986,408	208,568	10,569,468
March	191,000	10,086,000					229,264	11,383,630
April	214,000	11,036,000					198,665	10,121,640
May	186,000	10,000,000					241,525	11,820,301
June	225,000	11,489,000					257,749	12,567,250
Total	2,560,000	132,097,200	1,815,372	93,232,046	71,372	3,745,846	2,794,614	135,615,003
Subtotals ytd	1,744,000	89,486,200	1,815,372	93,232,046	71,372	3,745,846		
Achievement of Budget			104.09%	104.19%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Retail Revenues include Miscellaneous Revenues and Penalties

Table 2 – DWSD Retail Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
March	10,417,832	11,093,125	(675,293)	-6.09%
April	9,417,449	7,431,900	1,985,549	26.72%
May	12,162,719	7,660,852	4,501,867	58.76%
June	13,467,858	9,123,179	4,344,679	47.62%
July	5,943,286	8,518,373	(2,575,087)	-30.23%
August	11,794,131	9,636,219	2,157,912	22.39%
September	9,790,065	5,082,383	4,707,682	92.63%
October	9,884,937	13,082,745	(3,197,808)	-24.44%
November	10,499,606	10,270,582	229,024	2.23%
December	13,663,688	11,630,994	2,032,694	17.48%
January	8,506,008	8,857,268	(351,261)	-3.97%
February	8,996,740	8,244,713	752,027	9.12%
Rolling, 12-Month Total	124,544,318	110,632,333		
Rolling, 12-Month Average	10,378,693	9,219,361		

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024

DWSD Retail Sewer Billings and Collections

Retail billing basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 3 - DWSD Retail Sewer Billings shows the FY 2024 sewer billed revenue which are provided by DWSD staff. As of February 29, 2024, the DWSD usage was at 100.95% of the budget and billed revenue was at 98.31% of budget.

DWSD Retail Sewer Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 4 – DWSD Retail Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 3 - DWSD Retail Sewer Billings

RETAIL SEWER CUSTOMERS								
Month (1)	FY 2024 - Original Budget		FY 2024 - Actual		FY 2024 - Variance		FY 2023 - Actuals	
	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	200,000	29,187,700	207,574	29,192,723	7,574	5,023	223,661	29,297,748
August	199,000	29,128,000	211,503	29,278,720	12,503	150,720	231,809	29,640,202
September	203,000	29,340,000	178,576	27,476,376	(24,424)	(1,863,624)	197,455	27,523,933
October	182,000	28,119,000	184,383	27,700,095	2,383	(418,905)	194,154	27,375,180
November	172,000	27,526,000	175,498	26,939,338	3,498	(586,662)	172,579	26,525,064
December	165,000	27,111,000	156,164	26,546,712	(8,836)	(564,288)	174,896	26,676,360
January	166,000	27,170,000	182,643	26,882,316	16,643	(287,684)	175,562	26,403,544
February	175,000	27,704,000	179,551	27,455,736	4,551	(248,264)	160,804	25,814,735
March	161,000	26,873,000					181,217	26,720,229
April	179,000	27,941,000					167,727	26,120,878
May	160,000	26,839,000					195,191	27,508,373
June	188,000	28,475,000					206,163	28,018,277
Total	2,150,000	335,413,700	1,475,892	221,472,016	13,892	(3,813,684)	2,281,218	327,624,524
Subtotals ytd	1,462,000	225,285,700	1,475,892	221,472,016	13,892	(3,813,684)		
Achievement of Budget/Goal			100.95%	98.31%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.

(3) Retail Revenues include Miscellaneous Revenues and Penalties

Table 4 – DWSD Retail Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
March	30,697,464	29,410,086	1,287,378	4.38%
April	21,542,671	22,115,076	(572,405)	-2.59%
May	24,419,561	20,952,592	3,466,969	16.55%
June	23,769,626	25,922,279	(2,152,653)	-8.30%
July	32,379,222	30,935,343	1,443,879	4.67%
August	25,391,891	26,064,896	(673,005)	-2.58%
September	23,489,448	15,261,467	8,227,981	53.91%
October	21,610,149	28,182,933	(6,572,784)	-23.32%
November	25,951,736	21,994,899	3,956,838	17.99%
December	23,249,973	23,756,153	(506,180)	-2.13%
January	26,248,512	23,760,629	2,487,883	10.47%
February	24,230,304	23,867,073	363,230	1.52%
Rolling 12-Month Total	302,980,557	292,223,426		
Rolling, 12-Month Average	25,248,380	24,351,952		

DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging is categorized by customer category.

Table 5 is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of February 29, 2024 with comparative totals from June 30, 2023, June 30, 2022, and June 30, 2021. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

Table 6 is a summary of the total, current and non-current water and sewer receivables by category as of February 29, 2024 with comparative totals from February 29, 2023. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The total balance and total bad debt allowance as of February 29, 2024 are reflective of the values in both the Table 5 summary and Table 6 breakdown.

Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary

Summary						
Period Ending	Monthly Sales	Receivables			Days in AR (1)	
		Total	Allowance	Net		
June 30, 2021	\$ 36,335,000	\$ 248,055,000	\$ (200,146,000)	\$ 47,909,000	40	
June 30, 2022	\$ 39,022,000	\$ 300,346,000	\$ (253,924,000)	\$ 46,422,000	36	
June 30, 2023	\$ 39,443,000	\$ 327,023,000	\$ (272,012,000)	\$ 55,011,000	42	
February 29, 2024 (2)	\$ 39,555,000	\$ 308,759,000	\$ (246,940,000)	\$ 61,819,000	47	
<i>Totals may be off due to rounding</i>						

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days).

(2) The annual AR Tax Roll Transfer totaling \$22,892,000 was made in October 2023.

Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined

Sales Class	# of Accounts	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	218,601	\$ 860.82	\$ 17,906,000 9.5%	\$ 9,008,000 4.8%	\$ 33,779,000 18.0%	\$ 127,484,000 67.7%	\$ 188,176,000 100.0%
Commercial	21,309	1,236.90	7,067,000 26.8%	2,255,000 8.6%	6,628,000 25.1%	10,407,000 39.5%	26,357,000 100.0%
Industrial	3,671	3,570.85	5,435,000 41.5%	799,000 6.1%	2,261,000 17.2%	4,614,000 35.2%	13,109,000 100.0%
Tax Exempt	3,821	637.47	556,000 22.8%	211,000 8.6%	521,000 21.4%	1,148,000 47.1%	2,436,000 100.0%
Government	46,554	465.36	4,500,000 20.8%	500,000 2.3%	1,693,000 7.8%	14,972,000 69.1%	21,664,000 100.0%
Drainage	45,017	573.44	2,073,000 8.0%	1,276,000 4.9%	4,166,000 16.1%	18,299,000 70.9%	25,815,000 100.0%
Subtotal - Active Accounts	338,973	\$ 818.82	\$ 37,537,000 13.5%	\$ 14,048,000 5.1%	\$ 49,048,000 17.7%	\$ 176,923,000 63.7%	\$ 277,557,000 100.0%
Inactive Accounts	344,950	90.45	186,000 0.6%	116,000 0.4%	1,431,000 4.6%	29,469,000 94.4%	31,202,000 100.0%
Total	683,923	\$ 451.45	\$ 37,722,000 12.2%	\$ 14,165,000 4.6%	\$ 50,479,000 16.3%	\$ 206,393,000 66.8%	\$ 308,759,000 100.0%
<i>% of Total A/R</i>							
Water Fund	242,874	258.72	\$ 11,062,000	\$ 3,391,000	\$ 11,364,000	\$ 37,019,000	\$ 62,836,000
Sewer Fund	274,696	895.25	\$ 26,660,000	\$ 10,774,000	\$ 39,116,000	\$ 169,374,000	\$ 245,923,000
Total February 29, 2024 (a)	683,923	\$ 451.45	\$ 37,722,000	\$ 14,165,000	\$ 50,479,000	\$ 206,393,000	\$ 308,759,000
Water Fund- Allowance							\$ (47,190,000)
Sewer Fund- Allowance							\$ (199,750,000)
Total Bad Debt Allowance							\$ (246,940,000)
Comparative -February 2023 (b)	662,906	\$ 491.74	\$ 36,896,000	\$ 16,625,000	\$ 48,355,000	\$ 224,100,000	\$ 325,977,000
Difference (a) - (b)	21,017		\$ 826,000	\$ (2,460,000)	\$ 2,124,000	\$ (17,708,000)	\$ (17,218,000)

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024



The Monthly Wholesale Billings and Collections Report includes the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections

Wholesale Water Billings and Collections

Wholesale Water Contracts: Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

Service Arrangement Type

Model Contracts	85
Emergency	0
No Contracts	<u>1</u>
Total	<u>86</u>

Note: Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of this monthly report.

Wholesale Water Billing Basis: Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

Table 1 - Wholesale Water Billings shows the FY 2024 water billed usage and revenues. As of February 29, 2024, the billed usage was at 95.12% of the original plan and billed revenue at 98.05% of the original plan. Billings and usage from the City of Flint are included as they were assumed in the FY 2024 Budget.

Wholesale Water Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 2 - Wholesale Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending above the prior year for the twelve-month period ending February 29, 2024.

Table 1 – FY 2024 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
Month (1)	FY 2024 Charges (2)		FY 2024 Actual		FY 2024 Variance		FY 2023 Actuals	
	Volume	Revenue	Volume	Revenue (4)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	1,607,433	34,283,300	1,396,012	31,956,320	(211,421)	(2,326,980)	1,664,936	34,349,872
August	1,469,739	32,797,900	1,295,617	30,947,078	(174,122)	(1,850,822)	1,418,347	31,555,444
September	1,284,305	30,543,500	1,212,814	29,862,077	(71,491)	(681,423)	1,308,481	30,306,713
October	1,037,450	27,748,500	1,043,901	27,856,141	6,451	107,641	1,055,245	27,391,089
November	898,776	26,395,000	899,934	26,481,380	1,158	86,380	906,669	25,911,801
December	966,122	26,990,700	947,841	26,904,465	(18,281)	(86,235)	990,177	26,652,607
January	963,772	27,002,600	984,406	27,231,881	20,634	229,281	979,573	26,536,118
February	874,396	26,142,700	877,428	26,143,840	3,032	1,140	869,843	25,535,320
March	960,207	26,930,300	-	-	-	-	961,541	26,356,490
April	917,893	26,581,600	-	-	-	-	917,599	25,997,955
May	1,136,342	29,098,000	-	-	-	-	1,169,448	28,895,975
June	1,460,066	32,678,300	-	-	-	-	1,570,958	33,407,419
Total	13,576,500	347,192,400	8,657,953	227,383,182	(444,039)	(4,521,018)	13,812,817	342,896,802
Subtotals ytd	9,101,992	231,904,200	8,657,953	227,383,182	(444,039)	(4,521,018)		
Achievement of Original Plan			95.12%	98.05%				
Billing Adjustments (5)			8,009	109,342				
			8,665,962	227,492,524				
			100.91%	100.13%				

- (1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.
- (2) Charges are based on the approved FY 2024 water supply system charge schedule.
- (3) Reflects approved budget amendments related to commodity usage
- (4) Water Revenues differ from Table 1A because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A
- (5) Reflects prior period adjustments made in the current year for Madison Heights.

Table 2 - Wholesale Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
March	26,074,213	22,123,572	(22,123,572)	-100.00%
April	20,940,451	21,726,941	(786,490)	-3.62%
May	29,265,308	27,717,969	1,547,339	5.58%
June	29,370,704	26,379,503	2,991,201	11.34%
July	22,645,008	14,435,092	8,209,916	56.87%
August	36,275,672	41,154,992	(4,879,320)	-11.86%
September	29,955,755	21,887,632	8,068,123	36.86%
October	26,617,271	38,029,648	(11,412,377)	-30.01%
November	35,490,010	30,903,329	4,586,681	14.84%
December	28,246,829	34,298,469	(6,051,640)	-17.64%
January	24,448,936	19,182,054	5,266,882	27.46%
February	29,100,065	26,553,529	2,546,536	9.59%
Rolling 12-Month Total	338,430,223	324,392,729		
Rolling, 12-Month Average	28,202,519	27,032,727		

Wholesale Sewer Billings and Collections

Wholesale Sewer Contracts: GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

Service Arrangement Type	
Model Contracts	14
Emergency	0
Older Contracts	<u>4</u>
Total	<u><u>18</u></u>

Note: Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of the monthly report.

Wholesale Sewer Billing Basis: Beginning in FY 2015, the “sewer rate simplification” initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

Table 3 - Wholesale Sewer Billings shows the FY 2024 sewer billed revenue. As of February 29, 2024 the billed revenue is at 100.00% of the original plan.

Wholesale Sewer Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 4 - Wholesale Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending above the twelve-month period ending February 29, 2024.

Table 3 – FY 2024 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
Month (1)	FY 2024 Charges		FY 2024 - Actual		FY 2024 - Variance		FY 2023 - Actuals	
	Volume (2)	Revenue	Volume (2)	Revenue	Volume (2)	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
August	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
September	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
October	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
November	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
December	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
January	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
February	N/A	23,494,800	N/A	23,494,800	N/A	-	N/A	22,888,100
March	N/A	23,494,800	N/A	0	N/A	-	N/A	22,888,100
April	N/A	23,494,800	N/A	0	N/A	-	N/A	22,888,100
May	N/A	23,494,800	N/A	0	N/A	-	N/A	22,888,100
June	N/A	23,494,800	N/A	0	N/A	-	N/A	22,888,100
Total		281,937,600		187,958,400		-		274,657,200
Subtotals ytd		187,958,400		187,958,400		-		
Achievement of Budget				100.00%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Not tracked as part of the wholesale sewer charges.

Table 4 - Wholesale Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
March	23,746,469	24,713,158	(966,689)	-3.91%
April	17,769,710	19,937,558	(2,167,848)	-10.87%
May	18,213,966	10,226,700	7,987,266	78.10%
June	38,287,549	29,659,245	8,628,304	29.09%
July	22,331,831	28,223,515	(5,891,684)	-20.88%
August	22,377,366	21,036,661	1,340,705	6.37%
September	18,770,419	22,244,437	(3,474,018)	-15.62%
October	23,107,016	24,707,249	(1,600,233)	-6.48%
November	27,958,885	19,882,939	8,075,946	40.62%
December	21,351,498	18,314,222	3,037,276	16.58%
January	21,117,470	17,636,972	3,480,498	19.73%
February	27,856,400	33,102,769	(5,246,369)	-15.85%
Rolling 12-Month Total	282,888,580	269,685,425		
Rolling, 12-Month Average	23,574,048	22,473,785		

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024



The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows, Receipts & Loan Receivable
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

GLWA Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2024 reflects eight months of activity to date.

Water fund receipts exceeded required disbursements by 9% through February 29, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 8% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 3% through February 29, 2024 in line with the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2019.

Chart 1 – GLWA 12-Month Net Receipts – Water outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior year. The black line at the zero highlights the minimum goal for net receipts.

Chart 2 – GLWA 12-Month Net Receipts – Sewer outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior year. The black line at the zero highlights the minimum goal for net receipts.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Thru Feb 29
Water					
1 Receipts	\$ 332,606,196	\$ 336,642,021	\$ 338,117,694	\$ 363,335,474	\$ 258,742,886
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	332,606,196	336,642,021	338,117,694	363,335,474	258,742,886
4 Disbursements	(296,190,425)	(308,713,407)	(316,495,360)	(349,186,375)	(237,590,996)
5 Receipts Net of Required Transfers	36,415,771	27,928,614	21,622,334	14,149,099	21,151,890
6 I&E Transfer	(25,719,751)	(31,991,687)	(26,622,862)	(9,898,100)	(28,618,500)
7 Net Receipts	\$ 10,696,020	\$ (4,063,073)	\$ (5,000,528)	\$ 4,250,999	\$ (7,466,610)
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	112%	109%	107%	104%	109%
Sewer					
9 Receipts	\$ 490,461,356	\$ 472,871,853	\$ 471,979,297	\$ 498,888,416	\$ 336,535,156
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	490,461,356	472,871,853	471,979,297	498,888,416	336,535,156
12 Disbursements	(445,604,952)	(436,600,883)	(450,701,751)	(473,516,238)	(328,023,034)
13 Receipts Net of Required Transfers	44,856,404	36,270,970	21,277,546	25,372,178	8,512,122
14 I&E Transfer	(19,096,200)	(40,504,727)	(37,651,788)	(26,766,200)	(12,468,000)
15 DWSD Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	17,542,669	18,206,431	8,296,578	-	-
17 Net Receipts	\$ 43,302,873	\$ 13,972,674	\$ (8,077,664)	\$ (1,394,022)	\$ (3,955,878)
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	110%	108%	105%	105%	103%
Combined					
19 Receipts	\$ 823,067,552	\$ 809,513,874	\$ 810,096,991	\$ 862,223,890	\$ 595,278,042
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	823,067,552	809,513,874	810,096,991	862,223,890	595,278,042
22 Disbursements	(741,795,377)	(745,314,290)	(767,197,111)	(822,702,613)	(565,614,030)
23 Receipts Net of Required Transfers	81,272,175	64,199,584	42,899,880	39,521,277	29,664,012
24 I&E Transfer	(44,815,951)	(72,496,414)	(64,274,650)	(36,664,300)	(41,086,500)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	17,542,669	18,206,431	8,296,578	-	-
27 Net Receipts	\$ 53,998,893	\$ 9,909,601	\$ (13,078,192)	\$ 2,856,977	\$ (11,422,488)
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	111%	109%	106%	105%	105%

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024

Chart 1 – GLWA 12-Month Net Receipts – Water

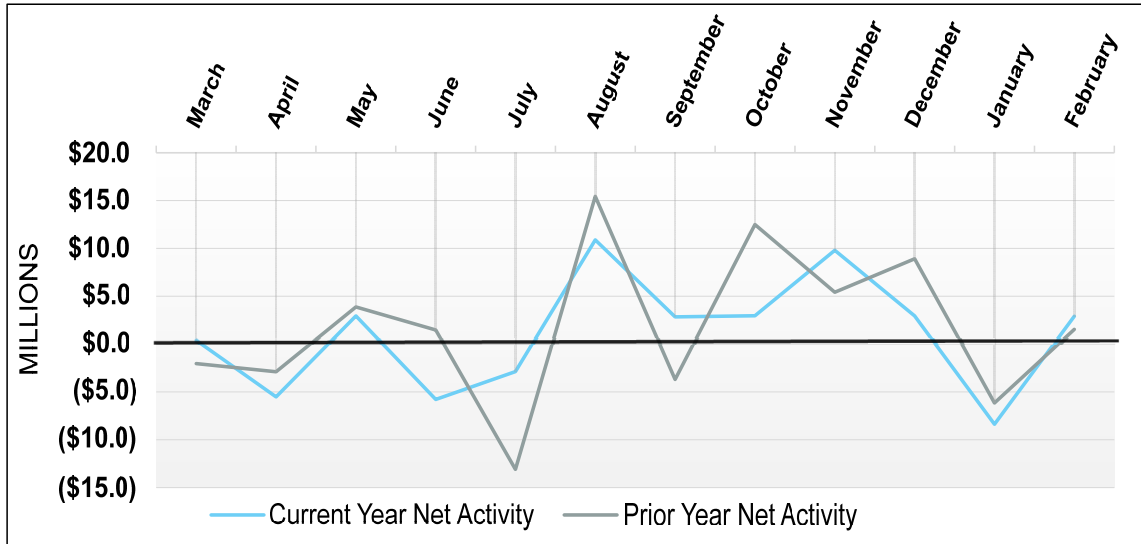
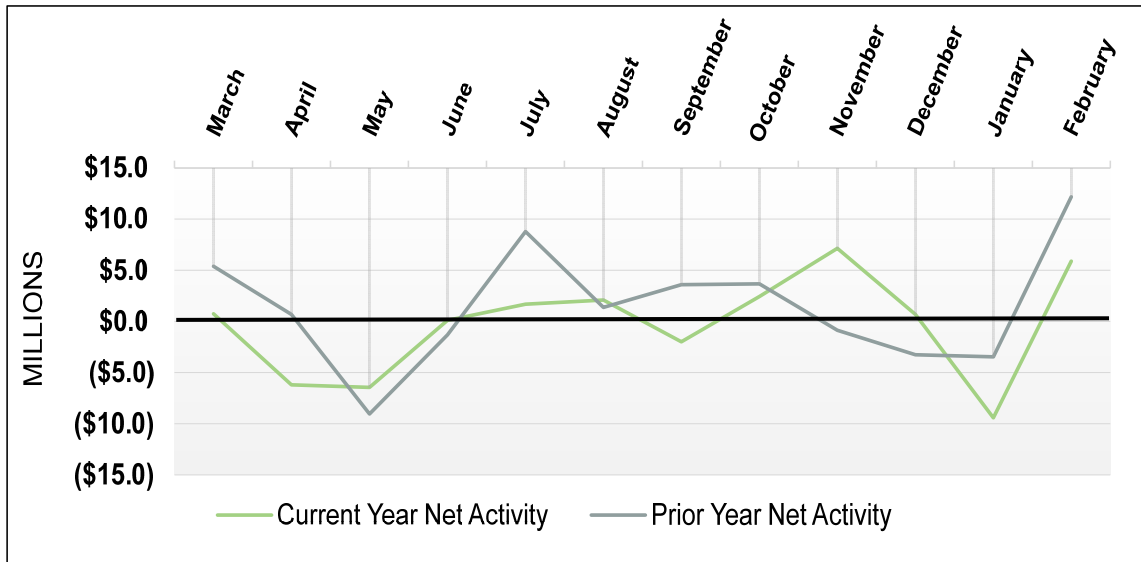


Chart 2 – GLWA 12-Month Net Receipts – Sewer



DWSD Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flow of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2024 reflects eight months of activity to date.

Water fund receipts exceeded required disbursements by 1% through February 29, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 3% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 5% through February 29, 2024 compared to the four-year historical average of required receipts exceeding disbursements by 3% since July 1, 2019.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Thru Feb 29
Water					
1 Receipts	\$ 96,885,723	\$ 102,067,423	\$ 101,964,963	\$ 123,766,624	\$ 79,116,937
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	96,885,723	102,067,423	101,964,963	123,766,624	79,116,937
4 Disbursements	(97,823,097)	(100,707,200)	(94,495,601)	(117,666,100)	(78,585,472)
5 Receipts Net of Required Transfers	(937,374)	1,360,223	7,469,362	6,100,524	531,465
6 I&E Transfer	-	-	-	-	-
7 Net Receipts	\$ (937,374)	\$ 1,360,223	\$ 7,469,362	\$ 6,100,524	\$ 531,465
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	99%	101%	108%	105%	101%
Sewer					
9 Receipts	\$ 264,689,559	\$ 308,210,767	\$ 291,280,896	\$ 298,896,942	\$ 202,642,498
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	264,689,559	308,210,767	291,280,896	298,896,942	202,642,498
12 Disbursements	(275,507,374)	(295,100,771)	(285,256,000)	(283,095,100)	(192,414,857)
13 Receipts Net of Required Transfers	(10,817,815)	13,109,996	6,024,896	15,801,842	10,227,641
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	\$ (10,817,815)	\$ 13,109,996	\$ 6,024,896	\$ 15,801,842	\$ 10,227,641
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	96%	104%	102%	106%	105%
Combined					
18 Receipts	\$ 361,575,282	\$ 410,278,190	\$ 393,245,859	\$ 422,663,566	\$ 281,759,435
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	361,575,282	410,278,190	393,245,859	422,663,566	281,759,435
21 Disbursements	(373,330,471)	(395,807,971)	(379,751,601)	(400,761,200)	(271,000,329)
22 Receipts Net of Required Transfers	(11,755,189)	14,470,219	13,494,258	21,902,366	10,759,106
23 I&E Transfer	-	-	-	-	-
24 Shortfall Advance from GLWA	-	-	-	-	-
25 Net Receipts	\$ (11,755,189)	\$ 14,470,219	\$ 13,494,258	\$ 21,902,366	\$ 10,759,106
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	97%	104%	104%	105%	104%

Chart 3 – DWSD 12-Month Net Receipts – Water outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

Chart 4 – DWSD 12-Month Net Receipts – Sewer outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at the zero highlights the breakeven goal for net receipts.

Chart 3 – DWSD 12-Month Net Receipts – Water

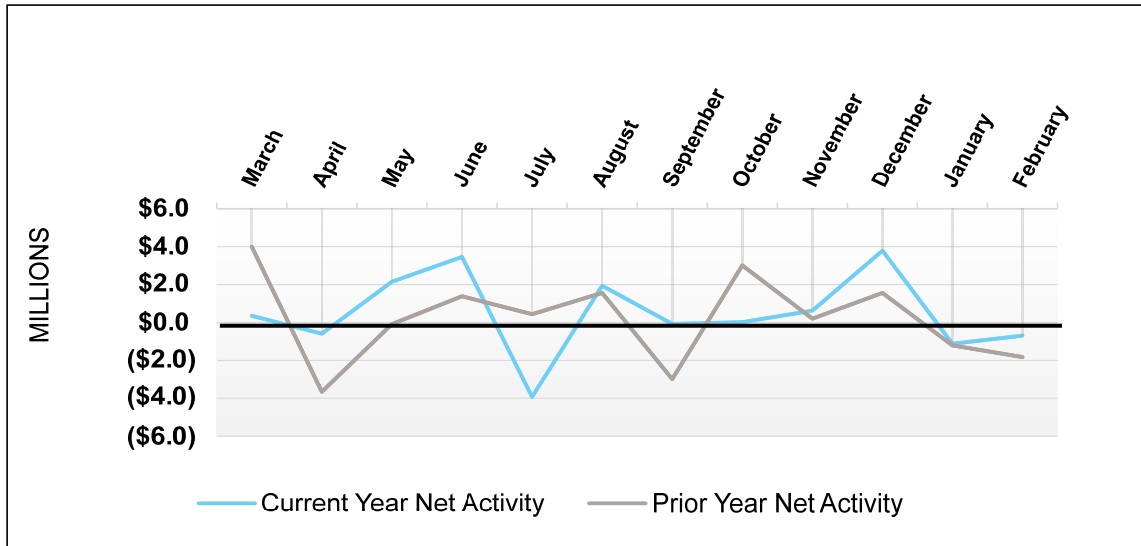
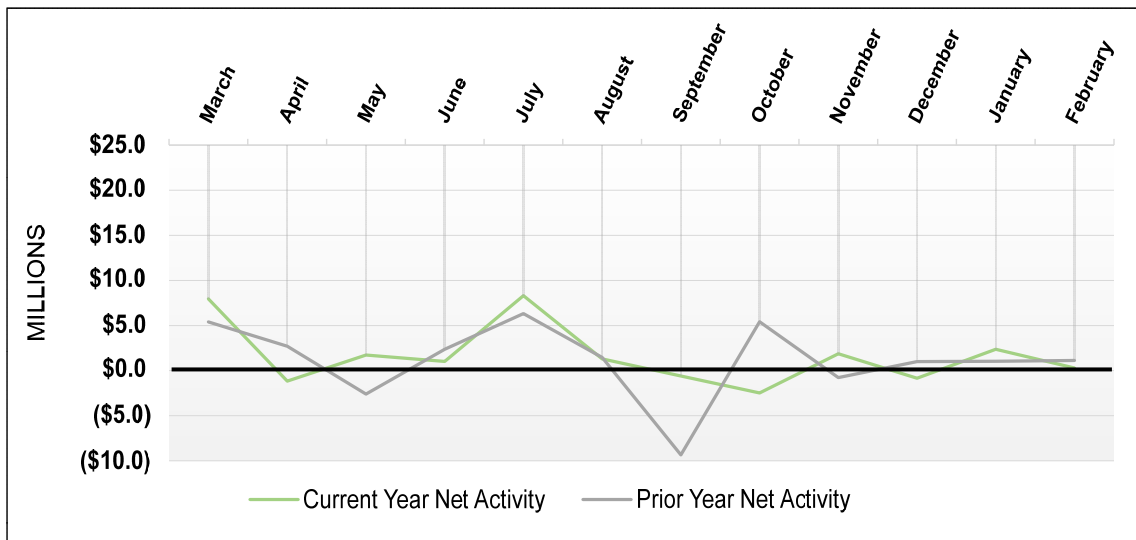


Chart 4 – DWSD 12-Month Net Receipts – Sewer



Combined System Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2024 reflects eight months of activity to date.

Water fund net receipts exceeded required disbursements by 7% through February 29, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2019.

Sewer fund receipts exceeded required disbursements by 4% through February 29, 2024 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2019.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Thru Feb 29
Water					
1 Receipts	\$ 429,491,919	\$ 438,709,444	\$ 440,082,657	\$ 487,102,098	\$ 337,859,823
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	429,491,919	438,709,444	440,082,657	487,102,098	337,859,823
4 Disbursements	(394,013,522)	(409,420,607)	(410,990,961)	(466,852,475)	(316,176,468)
5 Receipts Net of Required Transfers	35,478,397	29,288,837	29,091,696	20,249,623	21,683,355
6 I&E Transfer	(25,719,751)	(31,991,687)	(26,622,862)	(9,898,100)	(28,618,500)
7 Net Receipts	\$ 9,758,646	\$ (2,702,850)	\$ 2,468,834	\$ 10,351,523	\$ (6,935,145)
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	109%	107%	107%	104%	107%
Sewer					
9 Receipts	\$ 755,150,915	\$ 781,082,620	\$ 763,260,193	\$ 797,785,358	\$ 539,177,654
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	755,150,915	781,082,620	763,260,193	797,785,358	539,177,654
12 Disbursements	(721,112,326)	(731,701,654)	(735,957,751)	(756,611,338)	(520,437,891)
13 Receipts Net of Required Transfers	34,038,589	49,380,966	27,302,442	41,174,020	18,739,763
14 I&E Transfer	(19,096,200)	(40,504,727)	(37,651,788)	(26,766,200)	(12,468,000)
15 Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	17,542,669	18,206,431	8,296,578	-	-
17 Net Receipts	\$ 32,485,058	\$ 27,082,670	\$ (2,052,768)	\$ 14,407,820	\$ 6,271,763
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	105%	107%	104%	105%	104%
Combined					
19 Receipts	\$ 1,184,642,834	\$ 1,219,792,064	\$ 1,203,342,850	\$ 1,284,887,456	\$ 877,037,477
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,184,642,834	1,219,792,064	1,203,342,850	1,284,887,456	877,037,477
22 Disbursements	(1,115,125,848)	(1,141,122,261)	(1,146,948,712)	(1,223,463,813)	(836,614,359)
23 Receipts Net of Required Transfers	69,516,986	78,669,803	56,394,138	61,423,643	40,423,118
24 I&E Transfer	(44,815,951)	(72,496,414)	(64,274,650)	(36,664,300)	(41,086,500)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	17,542,669	18,206,431	8,296,578	-	-
27 Net Receipts	\$ 42,243,704	\$ 24,379,820	\$ 416,066	\$ 24,759,343	\$ (663,382)
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	106%	107%	105%	105%	105%

All amounts are unaudited unless otherwise noted.

GLWA Audit Committee May 24, 2024