

Great Lakes Water Authority

Resolution 2024-121

Resolution Adopting the Budget Amendments through the Second Quarter of FY 2024

By Board Member: GaryBrown

WHEREAS The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

WHEREAS The GLWA Board adopted the FY 2024 budget on February 22, 2023, for the twelve-month fiscal year beginning July 1, 2023;

WHEREAS Following a review of the budget amendment report through the FY 2024 Second Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Suburban Wholesale Customer Charges	\$ 340,540,600	\$ 335,729,600	\$ 282,687,600	\$ 282,878,600
Less: Bad Debt	-	No Change	-	No Change
Less: Pending Bad Debt Recovery Credit	-	(5,026,500)	-	(15,000,000)
Retail Service Charges	25,537,200	25,537,200	196,569,600	196,569,600
Industrial Waste Control Charges	-	No Change	8,584,200	8,560,200
Pollutant Surcharges	-	No Change	5,328,300	No Change
<i>Investment Earnings - Unrestricted</i>	<i>3,067,000</i>	<i>9,330,200</i>	<i>5,567,000</i>	<i>13,399,700</i>
Investment Earnings - Restricted for Debt Service	<u>994,700</u>	<u>4,731,500</u>	<u>1,490,300</u>	<u>3,657,600</u>
Investment Earnings	4,061,700	14,061,700	7,057,300	17,057,300
Other Revenues	175,000	858,200	400,000	1,018,000
Total Revenues	<u>\$ 370,314,500</u>	<u>\$ 371,160,200</u>	<u>\$ 500,627,000</u>	<u>\$ 496,412,000</u>
Revenue Requirements				
Operations & Maintenance Expense	\$ 152,906,400	\$ 166,882,900	\$ 205,643,700	\$ 222,025,500
Debt Service	159,482,800	162,236,100	228,328,300	230,975,500
General Retirement System Pension	3,395,500	1,505,500	6,479,300	3,096,800
Extraordinary Repair & Replacement Deposit	-	No Change	-	No Change
Water Residential Assistance Program Contribution	1,851,600	No Change	2,503,100	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
Operating Reserve Deposit	-	No Change	-	No Change
Receiving Fund Working Capital Requirement	-	No Change	-	No Change
Improvement & Extension Fund Transfer	<u>30,178,200</u>	<u>16,184,100</u>	<u>30,172,600</u>	<u>10,311,100</u>
Total Revenue Requirements	<u>\$ 370,314,500</u>	<u>\$ 371,160,200</u>	<u>\$ 500,627,000</u>	<u>\$ 496,412,000</u>

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

Debt Service Coverage Calculation					
Appropriation Category	Water System		Sewer System		
	Adopted	Amended	Adopted	Amended	
Debt Service by Lien					
Senior Lien Bonds	\$ 136,224,100	\$ 139,877,500	\$ 155,429,200	\$ 158,940,100	
Second Lien Bonds	51,754,500	No Change	53,273,500	53,380,100	
SRF Junior Lien Bonds	16,469,500	15,674,800	51,847,200	50,828,300	
Total Debt Service	\$ 204,448,100	\$ 207,306,800	\$ 260,549,900	\$ 263,148,500	

WHEREAS Following a review of the budget amendment report through the FY 2024 Second Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund					
Appropriation Category	Water System		Sewer System		
	Adopted	Amended	Adopted	Amended	
Inflows					
Transfers In from General Operating	\$ 30,178,200	\$ 16,184,100	\$ 30,172,600	\$ 10,311,100	
Transfers In from Construction Fund	-	No Change	-	12,775,200	
Earnings on Investments	1,694,800	3,065,200	2,133,000	6,430,400	
Net Use of Reserves	(10,926,100)	(1,354,900)	(15,202,100)	(9,432,700)	
Total Inflows	\$ 20,946,900	\$ 17,894,400	\$ 17,103,500	\$ 20,084,000	
Outflows					
Water/Sewer System Revenue Transfers Out	\$ 1,694,800	\$ 3,065,200	\$ 2,133,000	\$ 6,430,400	
Capital Spending - Other	-	No Change	-	No Change	
Capital Outlay	11,539,100	10,329,200	14,970,500	12,653,600	
Revenue Financed Capital -					
Transfer to/(from) Construction Fund	7,713,000	4,500,000	-	1,000,000	
Total Outflows	\$ 20,946,900	\$ 17,894,400	\$ 17,103,500	\$ 20,084,000	

WHEREAS Following a review of the budget amendment report through the FY 2024 Second Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund		Water System		Sewer System	
Appropriation Category		Adopted	Amended	Adopted	Amended
Inflows					
Transfer (to)/from Improvement & Extension Fund	\$ 7,713,000	\$ 4,500,000	\$ -	\$ 1,000,000	
Bond Proceeds	-	150,000,000	-	100,000,000	
Earnings on Investments	1,864,700	6,864,700	2,365,600	8,615,600	
Grant Revenues (SRF Loans)	97,102,000	62,307,100	47,253,000	49,424,500	
Grant Revenues	-	5,000,000	-	25,000,000	
Net (Use) Increase of Reserves	132,580,300	(38,671,800)	149,442,400	(31,264,900)	
Total Inflows	<u>\$ 239,260,000</u>	<u>\$ 190,000,000</u>	<u>\$ 199,061,000</u>	<u>\$ 152,775,200</u>	
Outflows					
Transfer Out	-	-	-	12,775,200	
Capital Improvement Plan (a)	239,260,000	No Change	199,061,000	No Change	
Capital Spend Rate Adjustment	-	(49,260,000)	-	(59,061,000)	
Total Outflows	<u>\$ 239,260,000</u>	<u>\$ 190,000,000</u>	<u>\$ 199,061,000</u>	<u>\$ 152,775,200</u>	
Capital Spending Ratio	100.0%	79.4%	100.0%	76.7%	

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meeting on April 29, 2024; and

WHEREAS An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board approves the FY 2024 Second Quarter Budget Amendments; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.