



Financial Review
Budget vs Actual Variance Report
Year Ended June 30, 2024

BOWC Finance Committee

December 4, 2024

Operating Revenue - Budget vs Actual

For the Year Ended June 30, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Water Operating Revenue				
Commodity sales	\$ 101,384	\$ 107,479	\$ 6,096	6.0%
Service charges	24,373	25,691	1,318	5.4%
Private firelines	2,130	1,955	(176)	-8.3%
Shared Services	1,178	930	(248)	-21.1%
Other GLWA reimbursement	3,396	800	(2,595)	-76.4%
Penalties and fees	4,210	5,247	1,037	24.6%
Total Operating Revenue	\$ 136,670	\$ 142,102	\$ 5,431	4.0%

For the Year Ended June 30, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Sewer Operating Revenue				
Commodity sales	\$ 122,856	\$ 123,422	\$ 566	0.5%
Service charges	15,076	15,856	780	5.2%
Drainage charges	188,982	183,306	(5,676)	-3.0%
Industrial waste charges	1,600	1,602	2	0.1%
Shared Services	1,323	1,214	(109)	-8.2%
Other GLWA reimbursement	6,479	1,765	(4,714)	-72.8%
Penalties and fees	8,500	8,487	(13)	-0.2%
Total Operating Revenue	\$ 344,816	\$ 335,651	\$ (9,164)	-2.7%

- *Water Commodity Revenue* was \$6.1 million (6.0%) over budget. This is primarily due to increased volume (usage) over budgeted level for the year. Actual Water volume exceeded budget by 135,030 Mcf resulting in positive revenue variance.
- *Water Service Charge Revenue* was \$1.3 million (5.4%) over budget. This is primarily due to increase in actual meter equivalents over the budgeted level for the year. Actual meter equivalents exceeded budget by 185,900 equivalents resulting in positive revenue variance.
- Decrease in Other GLWA reimbursement is because the budgeted amount represents GLWA's share of pension expense (\$2.5 million) and Debt Service (\$0.9 million) on B & C Notes. The actual expense only includes the interest portion of GLWA's share.
- *Drainage Charge Revenue* fell short of budget estimate by \$5.7 million (3.0%). Decrease is due to lower BIA (Billable Impervious Acres) and increase in Green Credits.
- Decrease in Other GLWA reimbursement is because the budgeted amount represents GLWA's share of pension expense (\$4.5 million) and Debt Service (\$2.0 million) on B & C Notes. The actual expense only includes the interest portion of GLWA's share.

Expenses by Appropriation and Non-Departmental Expenses Budget vs. Actual



For the Year Ended June 30, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Combined Departmental Expense				
Administration	\$ 1,763	\$ 1,631	\$ 132	7.5%
Operations	54,163	49,665	4,497	8.3%
Stores Inventory	-	1,225	(1,225)	N/A
Compliance	24,853	18,228	6,625	26.7%
Finance	16,424	11,760	4,664	28.4%
Customer Service	5,780	5,495	285	4.9%
Total Departmental	\$ 102,983	\$ 88,005	\$ 14,978	14.5%

For the Year Ended June 30, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Combined Nondepartmental Expense				
Wholesale charges	\$ 223,707	\$ 223,698	\$ 9	0.0%
Legacy pension expense	10,000	700	9,300	93.0%
Retail Assistance Program	2,192	3,356	(1,164)	-53.1%
Bad debt expense	59,613	43,493	16,121	27.0%
Total Nondepartmental	\$ 295,512	\$ 271,246	\$ 24,266	8.2%

- **Operations** savings include: (1) *Personnel* was over budget due to a combination of 32 vacancies abated in part by unbudgeted overtime (\$514,300), (2) *Contractual services* savings due to delayed projects and contracts such as iTron, repairs of facilities and grounds, fleet and equipment, service interruptions, and GSI maintenance and restoration (\$4.2 million), (3) *Shared service* savings due to over-estimated budget, and (4) *Utility* savings due to mild weather (\$630,400).
- **Compliance** savings include: (1) *Personnel* savings attributable to 8 vacancies (\$1,593,800), (2) certain *Contractual services* were postponed or not yet invoiced (\$598,700), (3) *Shared service* savings due to over estimated budgets, (4) other IT expenses including software, and telecommunication and data licensing agreements also invoiced and recorded on an annual basis (\$4.4 million).
- **Finance** savings include: (1) *Personnel* savings due to 14 vacancies (\$1,912,300), (2) *Contractual services* savings due to delayed or canceled projects, including Internal Audit services, external audit chargebacks, a proposed warehouse consolidation project, and other consulting initiatives (\$1.6 million), (3) *Other expense* savings due to delayed *Purchased service* and over-budgeted *Shared service* (\$1.1 million).
- **Legacy Pension Expense** variance represents \$7.0 million GLWA's share of pension expense which is included in the budget for budgetary control purpose but not in actual expense. The balance of the variance is due to budgetary savings based on actuarial determination of pension liability.
- **Bad debt Expense** decrease is due to year-end adjustment of \$16.4 million based on evaluation of receivables and potential of collectability.

Operating Expense By Object - Budget vs. Actual



For the Year Ended June 30, 2024				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Combined Operating Expense				
Salaries and Wages	\$ 42,593	\$ 42,002	\$ 591	1.4%
Employee Benefits	24,128	12,196	11,933	49.5%
Contractual Services	19,676	13,316	6,360	32.3%
Supplies	11,686	11,665	21	0.2%
Wholesale Charges	223,707	223,698	9	0.0%
Shared Services	2,725	2,224	501	18.4%
Utilities	3,863	3,232	630	16.3%
Other Operating	10,504	7,426	3,078	29.3%
Bad Debt Expense	59,613	43,493	16,120	27.0%
Total Operating	\$ 398,495	\$ 359,251	\$ 39,244	9.8%

- **Employee Benefits** were 49.5% under budget because included in the budget is an amount of \$7.0 million which represents GLWA's share of pension. This amount is included in the budget for budgetary control purpose and not included in the actual expense. Also, actual pension expense is lower based on actuarial determination of required pension contribution for the year.
- **Contractual Services** savings include consulting and professional services (\$6.4 million) across multiple cost centers. Savings are attributable to unbilled services, project delays including: iTron, Residential service interruptions, GSI maintenance and restoration, warehouse consolidation, catch-basin maintenance, audit services, cash management services, and facilities management.
- **Other Operating** expense was under budget by \$3.0 million due to savings in purchased services and equipment rental accounts.
- **Bad debt Expense** decrease is due to year-end adjustment based on evaluation of receivables and potential of collectability.