



Budget to Actual Variances

Quarter and Year Ended Jun 30, 2023

BOWC Finance Committee

December 6, 2023

Water and Sewer Operating Revenue - Budget vs. Actual

For the Year Ended June 30, 2023						
	(Amounts in thousands)					
	Budget		Actual		Variance	%
Water Operating Revenue						
Commodity Sales	\$	98,116	\$	109,984	\$ 11,868	12.1%
Service Charges		23,582		25,124	1,541	6.5%
Private Firelines		2,068		2,055	(14)	-0.7%
Shared Services		750		594	(156)	-20.8%
Other GLWA Reimbursement		12,316		672	(11,645)	-94.5%
Penalties and Fees		3,901		4,042	141	3.6%
Total Operating Revenue	\$	140,734	\$	142,469	\$ 1,736	1.2%

For the Year Ended June 30, 2023							
	(Amounts in thousands)						
	Budget		Actual	Variance	%		
Sewer Operating Revenue							
Commodity Sales	\$	119,101	\$	127,324	\$	8,223	6.9%
Service Charges		14,604		15,135		531	3.6%
Drainage Charges		183,175		178,127		(5,048)	-2.8%
Industrial Waste Charges		1,616		1,575		(41)	-2.5%
Shared Services		1,750		1,386		(364)	-20.8%
Other GLWA Reimbursement		22,521		1,511		(21,010)	-93.3%
Penalties and Fees		7,539		6,930		(609)	-8.1%
Total Operating Revenue	\$	350,405	\$	331,987	\$	(18,318)	-5.2%

- Water Commodity Revenue* were \$11.9 million (12.1%) over budget. Actual volume exceeded budgeted volume by 251,600 Mcf or 9.8% resulting in a positive variance of \$9.6 million. In addition, there was \$2.3 million increase due to average rate variance
- Water Service Charge Revenue* were \$1.5 million (6.5%) above budget. Actual meter equivalents exceeded budgeted units by approximately 75,000 equivalents.
- Decrease in Other GLWA reimbursement is because the budgeted amount represents GLWA's share of pension expense (\$11.4 million) plus debt service (\$0.9 million) on B & C Notes. The actual expense only includes the interest portion of GLWA's share.
- Sewer Commodity Revenue* exceeded budgeted revenues by \$8.2 million (6.9%). Positive variance primarily due to actual volume exceeding budgeted volume by 167,000 Mcf resulting in \$9.3 million offset by average rate variance of \$1.1 million.
- Drainage Charge Revenue* fell short of budget estimates by \$5.0 million (2.8%). Monthly Highway Drainage credits were \$170,000 more than budget. Also, Wayne County Roads were billed at pre-MDOT Settlement rates for the first 2 months of the fiscal year. Additionally, Green credits exceeded budgets by approximately \$95,000 per month.
- Decrease in Other GLWA reimbursement is because the budgeted amount represents GLWA's share of pension expense (\$20.5 million) plus debt service (\$2 million) on B & C Notes. The actual expense only includes the interest portion of GLWA's share.

Operating Expense By Object - Budget vs. Actual

For the Year Ended June 30, 2023				
	(Amounts in thousands)			
	Budget	Actual	Variance	%
Combined Operating Expense				
Salaries and Wages	\$ 37,943	\$ 37,711	\$ 232	0.6%
Employee Benefits	58,903	24,647	34,256	58.2%
Contractual Services	18,709	11,698	7,011	37.5%
Supplies	10,198	10,133	65	0.6%
Wholesale Charges	215,644	215,443	201	0.1%
Shared Services	3,861	(996)	4,857	125.8%
Utilities	3,585	3,298	287	8.0%
Other Operating	10,816	8,105	2,711	25.1%
Bad Debt Expense	60,034	43,422	16,612	27.7%
Total Operating	\$ 419,693	\$ 353,461	\$ 66,232	15.8%

- Employee Benefits** were under budget for the year due to reduction in workers’ compensation based on actuarial valuation. Workers’ compensation expense was reduced by \$2.6 million compared to the budget. Also, included in the budget is an amount of \$31.9 million which represents GLWA’s share of pension. This amount is included in the budget for budgatory control purpose and not included in the actual expense.
- Contractual Services** were under budget due to delay in starting certain projects and contracts such as iTron, service interruptions, and GSI maintenance and restoration (\$5.9 million), internal audit services, external audit chargebacks, a proposed warehouse consolidation project and other consulting initiatives (\$1.4 million).
- Shared Services** were under budget due to final true-up of invoices/services based on account reconciliation with GLWA. This impacts various cost centers specially cost centers in Operations and Compliance.
- Other Operating Expenses** were under budget mainly due to certain purchased services (\$2.2 million) not required by year end.
- Bad debt Expense** The decrease at year end is due to adjustment to the bad debt allowance based on evaluation of receivables and potential of collectability. This was offset by increase due to increase in actual revenues compared to the budget.

Operating Expense By Appropriation - Budget vs. Actual

For the Year Ended June 30, 2023				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Combined Departmental Expense				
Administration	\$ 2,062	\$ 1,746	\$ 316	15.3%
Operations	49,320	43,720	5,600	11.4%
Compliance	23,214	16,395	6,819	29.4%
Finance	16,898	13,052	3,845	22.8%
Customer Service	4,986	4,940	46	0.9%
Total Departmental	\$ 96,479	\$ 79,854	\$ 16,626	17.2%

- **Operations** savings include: (1) *Personnel* cost savings due to vacancies (2) *Contractual services* savings due to delay in starting certain projects and contracts such as iTron, service interruptions, and GSI maintenance and restoration (\$5.9 million).
- **Compliance** savings include: (1) *Personnel cost* savings due to vacancies (2) certain *Contractual services* were delayed to FY2024.
- **Finance** savings include: (1) *Personnel* cost savings due to vacancies (2) *Contractual services* savings due to delay in starting certain projects such as internal audit services, external audit chargebacks, a proposed warehouse consolidation project, and other consulting initiatives.

For the Year Ended June 30, 2023				
(Amounts in thousands)				
	Budget	Actual	Variance	%
Combined Nondepartmental Expense				
Wholesale charges	\$ 215,644	\$ 215,443	\$ 201	0.1%
Legacy pension expense	45,400	13,484	31,916	70.3%
Retail Assistance Program	2,136	1,258	878	41.1%
Bad debt expense	60,034	43,422	16,612	27.7%
Total Nondepartmental	\$ 323,214	\$ 273,607	\$ 49,608	15.3%

- **Legacy Pension Expense** variance represents \$31.9 million GLWA’s share of pension expense which is included in the budget for budgetary control purpose but not in actual expense.
- **Bad debt Expense** decrease is due to year-end adjustment of approximately \$21 million based on evaluation of receivables and potential of collectability. This was offset by increase in bad debt allowance due to increase in actual revenues compared to the budget.