

**FY 2023 Financial Audit Results**

Good news! The Great Lakes Water Authority received what is known as a “clean audit” opinion from Baker Tilly, the independent auditors, for the financial audit of the Annual Comprehensive Financial Report (ACFR) as well as the audit of federal award programs.

**Commitment to Reporting Quality – All Year Long**

GLWA has a strong commitment to quality in financial reporting. This means timely, relevant, and reliable information is available. *Preliminary* year-end results were materially consistent with the *final, audited* expenses. Extensive financial information can be found on the “Financials” page at <http://www.glwater.org>

**Positive, Predictable Budget Performance**

Stability and predictability in forecasting revenue is important for GLWA – as well as providing reliable forecasts for Member Partners in our annual charge setting process. Other revenue includes investment earnings and other sources to help lower the burden on the cost of service. As shown below, GLWA operated within 1% of the amended budget to meet operational, debt, and other financial commitments.

	Adopted Budget	Amended Budget	Actual	% Adopted Budget	% Amended Budget
<b>Water Operations</b>					
Revenue from charges	\$ 354,947,900	\$ 356,690,600	\$ 356,975,533	100.6%	100.1%
Other revenue	1,123,700	10,665,200	10,540,320	938.0%	98.8%
Total revenues	356,071,600	367,355,800	367,515,853	103.2%	100.0%
Revenue requirements	356,071,600	367,355,800	366,935,870	103.1%	99.9%
Revenue requirement variance	\$ -	\$ -	\$ 579,983	0.2%	0.2%
<b>Sewage Disposal Operations</b>					
Revenue from charges	\$ 479,816,500	\$ 479,320,200	\$ 480,247,372	100.1%	100.2%
Other revenue	1,555,600	15,887,100	17,399,608	1118.5%	109.5%
Total revenues	481,372,100	495,207,300	497,646,980	103.4%	100.5%
Revenue requirements	481,372,100	495,207,300	498,575,015	103.6%	100.7%
Revenue requirement variance	\$ -	\$ -	\$ (928,035)	-0.2%	-0.2%

**Solid Credit Metrics**

**Debt Service Coverage** is an indication of our ability to meet debt service payments and is an important ratio for our creditors to demonstrate that GLWA has sufficient

Debt Service Coverage for the year ended June 30, 2023	Water		Sewer	
	Rate	Rate	Rate	Rate
	GAAP	Covenant	GAAP	Covenant
Senior Lien Bonds	1.96	1.88	2.13	2.17
Senior and second lien bonds	1.43	1.37	1.69	1.72
All bonds, including SRF junior lien	1.36	1.31	1.34	1.37

cash to repay its bondholders. GLWA uses two methodologies: the GAAP methodology is mostly based on an accrual basis; the rate covenant methodology is based on a cash basis.

**Days Cash on Hand** demonstrates that sufficient funds are available to maintain and operate the systems, reduces GLWA’s reliance on debt to improve affordability. It is calculated as unrestricted cash divided by one day of operating expense. At June 30, 2023, the days cash on hand was 573 days for the water system and 521 days for the sewer system.